

DATE: 1 April 2020

SUNSHINE OILSANDS LTD
(as the Company)

AND

Prime Union Enterprises Limited (as the Subscriber)

SUBSCRIPTION AGREEMENT
relating to the subscription and issue of convertible bonds
in the principal amount of HK\$72,000,000 to be issued by
SUNSHINE OILSANDS LTD

THIS AGREEMENT is dated 1 April 2020

BETWEEN:

1. **SUNSHINE OILSANDS LTD.**, a company incorporated in the Province of Alberta, Canada with limited liability and whose correspondence address in Hong Kong is 20th Floor, Two Chinachem Central, No. 26 Des Voeux Road, Central, Hong Kong (the “**Company**”); and
2. **PRIME UNION ENTERPRISES LIMITED**, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Kwok Ping Sun, Chairman of the Board of the Company. (“**Prime Union**” or “**the Subscriber**”);

WHEREAS:

- (A) The Company is a company incorporated in the Province of Alberta, Canada with limited liability. At the date hereof, The Company has at the date of this Agreement an authorized share capital of an unlimited number of (a) Class “A” and Class “B” voting common shares without par value; (b) Class “C”, Class “D”, Class “E” and Class “F” non-voting common shares without par value; and (c) Class “G” and Class “H” non-voting preferred share. All of the issued shares are currently listed on Main Board of the Stock Exchange.
- (B) The Company has conditionally agreed to issue the Bonds (as defined below) and Prime Union (as the Subscriber) has conditionally agreed to subscribe or procure subscription for the Bonds (as defined below) upon and subject to the terms and conditions set out in this Agreement. No application will be made to the Stock Exchange for the listing of the Bonds.

NOW IT IS HEREBY AGREED:

1. INTERPRETATION

- 1.1 In this Agreement, including the Recitals and the Schedules, the following expressions shall, unless the context otherwise requires, have the following meanings:

“Bonds”	the 8% annual coupon convertible and unlisted straight bonds due on 31 March 2022 in an aggregate principal amount of HK\$72,000,000 to be issued by the Company pursuant to this Agreement with the benefit and subject to the provisions of the Conditions;
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“Business Day”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and
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	12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“CDNS”	Canadian dollars, the lawful currency of Canada;
“Certificate”	a certificate in or substantially in the form set out in schedule of the Instrument issued in the name of the holder of the Bonds;
“Completion”	the performance by the parties hereto of their respective obligations under Clause 4 and Schedule 2;
“Completion Date”	the day falling on the 2 nd Business Day after fulfilment of all Conditions Precedent pursuant to the terms herein;
“Conditions”	the terms and conditions to be attached to or form part of the Bonds (with such amendments thereto as the parties hereto may agree) and the Instrument, and “Condition” refers to the relative numbered paragraph of the Conditions;
“Conditions Precedent”	the conditions precedent set out in Clause 3.1;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Bonds substantially in the form set out in Schedule 1 (subject to such amendments as the Subscriber and the Company may reasonably agree), together with the schedules (as from time to time altered in accordance with the instrument) and any other document executed in accordance with the instrument (as from time to time so altered) and expressed to be supplemental to the instrument;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	15 June 2020 or such other date as may be agreed

by the Company and the Subscriber;

“PRC”

the People’s Republic of China;

“Shares”

Common shares of the Company and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock in the share capital of the Company resulting from any sub-division, consolidation or re-classification thereof;

“Shareholders”

the holders of Shares;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited;

“Subscription Price”

HK\$1,000,000, being the face value of the Bonds;

“Subsidiary”

any company or other business entity of which the Company owns or controls or proposes to own or control (either directly or through one or more other Subsidiaries) 50 percent or more of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers, trustees or other governing body of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of the Company (where appropriate) or which, under Hong Kong law, regulations or generally accepted accounting principles in Hong Kong from time to time, should have its accounts consolidated with those of the Company (where appropriate) or would be so required on completion of the relevant acquisition or subscription;

“this Agreement”

this subscription agreement, as amended from time to time in accordance with Clause 13;

“Warranties”

the representations, warranties and undertakings contained in Clause 5 and Schedule 3; and

“0%”

percent

- 1.2 In this Agreement, unless the context otherwise requires, any reference to a **“Clause”** or a **“Schedule”** is a reference to a clause of and a schedule to this Agreement and, unless otherwise indicated, includes all the sub-clauses of that clause.
- 1.3 In this Agreement, words importing the singular include the plural and vice versa, words importing gender include both genders and the neuter and references to

persons include bodies corporate or unincorporate.

- 1.4 The headings in this Agreement are for convenience only and shall not affect its interpretation.
- 1.5 References to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments (whether with or without modification) and any subordinate legislation made under provisions.

2. SUBSCRIPTION FOR THE BONDS

- 2.1 Subject to fulfilment of the Conditions Precedent, Prime Union, as the Subscriber, shall subscribe the Bonds in an aggregate principal amount of HK\$72,000,000 at its face value and the Subscription Price shall be satisfied by the full payment of the full Subscription Price in cash at Completion as provided in Schedule 2.
- 2.2 Subject to fulfilment of the Conditions Precedent, the Company shall at Completion execute the Instrument and issue the Bonds at its full face value to the Subscriber or its nominee(s) in such denomination and manner it may direct.
- 2.3 Payment of the full Subscription Price as set out in Clause 2.1 shall be effected by the Subscriber delivering to the Company a cashier order issued by a licensed bank in Hong Kong in favour of the Company.

3. CONDITIONS PRECEDENT

- 3.1 The obligations of the parties hereto to effect Completion shall be conditional upon:
 - (i) all necessary consents and approvals required to be obtained by the Company and the Subscriber in respect of the issue and subscription of the Bonds having been obtained; and
 - (ii) none of the Warranties given by the Company hereunder having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.
- 3.2 The Company shall use its best endeavours to procure the fulfilment of all the Conditions Precedent as soon as practicable and in any event on or before the Long Stop Date. Each of the Subscriber and the Company hereby undertakes to the other of that it shall procure that all information and documents required pursuant to the Listing Rules, and other applicable rules, codes and regulations whether in connection with the preparation of all circulars, reports, documents, independent advice or otherwise are duly given promptly to the other of them, the Stock Exchange and other relevant regulatory authorities.

- 3.3 The Subscriber may at any time by notice in writing to the Company waive the condition set out in Clause 3.1(ii). If the Conditions Precedent are not fulfilled (or waived) on or before the Long Stop Date, this Agreement (save and except Clauses 8, 9, 16 and 18) shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with this Agreement save in respect of any antecedent breach of any obligation hereof.

4. COMPLETION

Subject to Clause 3, Completion shall take place at the branch office of the Company in Hong Kong at 4:00 p.m. (Hong Kong time) on the Completion Date (or such other place and/or such other time and/or other date as the Company and the Subscriber may agree in writing) at which each party shall perform its obligations set out in Schedule 2. If the Conditions in Clause 3 are not fulfilled by 5:00 p.m. on the Completion Date (or such other date as agreed between the Corporation and the Subscriber in writing), the Subscription Agreement shall forthwith cease and terminate and neither the Corporation nor the Subscriber shall have any claim against each other, save for any antecedent breach.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE COMPANY

- 5.1 The Company hereby represents, warrants and undertakes to the Subscriber that the Warranties are true and correct in all material respects and not misleading in any material respects as at the date of this Agreement and will continue to be so up to and including the time of Completion.
- 5.2 The Company undertakes to notify the Subscriber as soon as reasonably practicable on any matter or event coming to its attention prior to Completion which shows or could reasonably be expected to cause any of the Warranties to be or to have been untrue or misleading in any material respect or which may have any material adverse effect on the assets or liabilities of the Company.
- 5.3 The Company hereby agrees and acknowledges that the Subscriber is entering into this Agreement in reliance on the Warranties notwithstanding any enquiries or investigations which the Subscriber may have conducted and notwithstanding anything of which the Subscriber may or ought to have knowledge or notice, and the Subscriber is entitled to treat such representations and warranties as conditions of the Agreement.
- 5.4 Each of the Warranties is without prejudice to any other Warranty and, except where expressly or otherwise stated, no provision in any Warranty shall govern or limit the extent or application of any other provision in any Warranty.
- 5.5 The Warranties shall survive Completion and the rights and remedies of the Subscriber in respect of any breach of the Warranties shall not be affected by Completion or by the Subscriber rescinding, or failing to rescind this Agreement, or failing to exercise or delaying the exercise of any right or remedy, or by any

other event or matter whatsoever, except a specific and duly authorized written waiver or release and no single or partial exercise of any right or remedy shall preclude any further or other exercise.

- 5.6 The Subscriber shall be entitled to take action both before and after Completion in respect of any breach or non-fulfillment of any of the Warranties and Completion shall not in any way constitute a waiver of any right of the Subscriber.
- 5.7 The Company undertakes in relation to any Warranty which refers to the knowledge, information or belief of the Company that it has made full enquiry into the subject matter of that Warranty and that it does not have the knowledge, information or belief that the subject matter of that Warranty may not be correct, complete or accurate.
- 5.8 Notwithstanding any provisions herein, the liability of the Company in connection with the Warranties or this Agreement shall cease on the date falling the expiration of 1 year (the “**Warranty Expiry Date**”) after the Completion Date. The liability of the Company in respect of any claims for breach of Warranties and other provisions of this Agreement shall be limited as follows:
- (i) the Company shall not be liable in respect of any claim under the Warranties where the amount of each of such claims does not exceed US\$500;
 - (ii) the maximum aggregate liability of the Company in respect of all claims for breach of any of the Warranties shall be equal to the aggregate principal amount of the Bonds; and
 - (iii) no claim may be brought against the Company in respect of a breach of any of the Warranties given by the Company under this Agreement after the Warranty Expiry Date and the Company shall not be liable in respect of the breach of the Warranties unless the Company shall have received written notice from the Subscriber prior to the Warranty Expiry Date giving details of the relevant claim and any such claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn on the Warranty Expiry Date unless proceedings in respect thereof shall have been commenced against the Company before the redemption of all the outstanding principal amount of the Bonds and the payment of interests accrued thereof in full.

6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE SUBSCRIBER

- 6.1 The Subscriber hereby represents, warrants and undertakes that as at the date hereof and as at Completion:
- (a) it is duly incorporated and validly existing under the laws of its place of incorporation and has the authority to enter into and perform this

Agreement and that in entering into this Agreement and in performing its obligations hereunder (including the holding of the Bonds and the exercising of its rights thereunder) it does not and shall not do so in breach of any applicable legislation; and

(b) this Agreement constitutes valid, binding and enforceable obligations of the Subscriber.

6.2 The Subscriber hereby agrees and acknowledges that the Company is entering into this Agreement in reliance on the representations and warranties made by it under Clause 6.1. However, save and except as expressly stipulated in Clause 6.1, the Company hereby expressly acknowledges and agrees that the Subscriber has not, and shall not be deemed to have, given any representations, warranties or undertakings in relation to any and all of the transactions contemplated in this Agreement and any and all such representations, warranties and undertakings are hereby expressly excluded.

7. ACCESS TO INFORMATION

The Company shall procure that, pending Completion, the Subscriber, its agents, representatives and professional advisers are given promptly on request full access to all such facilities and information regarding the business, assets, liabilities, contracts and affairs of the Group and other evidence of ownership of the assets owned by the Group as the Subscriber may require.

8. NOTICES

8.1 Each notice, demand or other communication given, made or serve under this Agreement shall be in writing and delivered or sent to the relevant party by prepaid postage (by airmail if to another country), facsimile transmission or personal delivery to its address or fax number as set out below (or such other address or fax number as the addresses has by five (5) days' prior written notice specified to the other parties):

To the Company: SUNSHINE OILSANDS LTD.

Address: 20th Floor, Two Chinachem Central, No.26
Des Voeux Road Central, Hong Kong

Fax Number: (852) 3188 0005

Attention: Ms. Gloria Ho

To: PRIME UNION ENTERPRISES LIMITED:

Address: NO.150, Building 4, Yonghe Road, Zhabei District,
Shanghai, P.R.C.

Fax Number: +86-21-66312459

Attention: Mr. Kwok Ping Sun

- 8.2 Each notice, demand or other communication given, made or serve under this Agreement shall be deemed to have been given and received by the relevant

parties (i) within two (2) days after the date of posting, if sent by local mail; four (4) days after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; and (iii) on despatch, if sent by facsimile transmission.

9. COSTS AND EXPENSES

Each party shall bear its own costs and expenses (if any) incurred by it in connection with the preparation, negotiation and settlement of this Agreement. Capital fees, stamp duty and all other fees and duties (if any) relating to the issue and delivery of the Bonds, fulfilment of the Conditions Precedent and fulfilment of all obligations under the Bonds shall be borne by the Company.

10. FURTHER ASSURANCE

The Company shall, at its own cost and expenses, execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Subscriber may reasonably require to give effect to the provisions of this Agreement.

11. TIME AND NO WAIVER

Time shall in every respect be of the essence of this Agreement but no failure on the part of any party hereto to exercise, and no delay on its part in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any other right(s) or prejudice or affect any right(s) against any other parties hereto under the same liability, whether joint, several or otherwise. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

12. INVALIDITY

If at any time any one or more of the provisions of this Agreement is/are or become(s) illegal, invalid or unenforceable in any respect under laws of any jurisdiction, the legality, validity or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

13. AMENDMENTS

This Agreement shall not be amended, supplemented or modified except by instruments in writing signed by each of the parties hereto.

14. ASSIGNMENT

This Agreement shall be binding on and enure to the benefit of each party hereto and its respective successors and shall not be assignable.

15. ENTIRE AGREEMENT

This Agreement constitutes an entire agreement between the parties hereto with respect to the matters dealt with herein and supersedes any previous agreements, arrangements, statements or transactions between the parties hereto in relation to the subject matters hereof.

16. RESTRICTION ON ANNOUNCEMENTS

- 16.1 Each of the parties undertakes to the other that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or any rule of any relevant stock exchange body, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the other which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.
- 16.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the parties or unless an announcement is required pursuant to the applicable law and the regulations or the requirements of the Stock Exchange or any other regulatory body or authority. Any announcement by any party required to be made pursuant to any relevant law or regulation or the requirements of the Stock Exchange or any other regulatory body or authority shall be issued only after such prior consultation with the other party as is reasonably practicable in the circumstances.

17. COUNTERPARTS

This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and be binding on all parties.

18. GOVERNING LAW AND JURISDICTION

This Agreement is governed by and shall be construed in accordance with Hong Kong law and each party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement.

19. ENGLISH VERSION PREVAILS

This Agreement has been translated into Chinese. If there is any inconsistency or ambiguity between the English version and the Chinese version, the English version shall prevail.

SCHEDULE 1

The Instrument

SCHEDULE 2

Completion Requirements

1. Obligations of the Company

At Completion, the Company shall deliver to the Subscriber:

- (a) evidence reasonably satisfactory to the Subscriber that the Conditions Precedent have been fulfilled, including but not limited to a certified copy of its board resolution approving and authorizing the execution of this Agreement and the issue of the Bonds;
- (b) one or more Certificate(s) for the Bonds for the total principal amount of HK\$72,000,000 duly issued in favour of the Subscriber or its nominee in such denomination and manner as the Subscriber may direct; and
- (c) a certified copy of the Instrument duly executed by the Company.

2. Obligations of the Subscriber

At Completion, the Subscriber shall deliver to the Company:

- (a) (for corporate subscribers) a certified copy of its board resolution approving and authorising the execution of this Agreement; and
- (b) the original pay-in-slip issued by a licensed bank in Hong Kong evidencing the payment for the sum of HK\$72,000,000 to the Company being the subscription money for the Bonds. In the case that the Subscription was made through a placing agent of the Company, original pay-in-slip to the placing agent evidencing the payment for the sum of HK\$72,000,000 to the Company being the subscription money for the Bonds. In the case that the subscription money is to be derived from principal of convertible bonds previously issued by the Company and will be expired and redeemed before Long Stop Date, the placing agent is to deliver signed notice(s) from the subscribers of those convertible bonds to the Company evidencing consent of the subscribers to direct the principal of those convertible bonds to the Bonds.

SCHEDULE 3

Warranties

- 1 The Company has full power to enter into and perform this Agreement and this Agreement will, when executed, constitute binding obligations on the Company in accordance with its terms.
- 2 Subject to the satisfaction of the Conditions Precedent, the creation and issue of the Bonds have been duly authorised by the Company and, when duly executed, authenticated, issued and delivered in accordance with this Agreement, the Bonds will constitute valid and legally binding obligations of the Company against the Company enforceable in accordance with their own terms.
- 3 Subject to the satisfaction of the Conditions Precedent, all consents, approvals, authorisations, orders, registrations and qualifications of or with any court or governmental agency or body and any other action or thing required to be obtained, taken, fulfilled or done in Hong Kong by the Company for or in connection with the issue of the Bonds and the consummation of the other transactions contemplated by this Agreement have been obtained, taken, fulfilled or done and are in full force and effect.
- 4 The execution and delivery of this Agreement and the creation and issue of the Bonds and the consummation of the transactions herein and therein contemplated and compliance with the terms hereof and thereof by the Company do not, and will not, at the time of execution and delivery or issue (as the case may be), (i) contravene the memorandum and articles of association of the Company in any way; or (ii) conflict with or result in breach of any of the terms or provisions of, or constitute a default under any indenture, trust deed, mortgage or other agreement of instrument to which the Company or any of its Subsidiaries is a party or by which any of them or any of their respective properties are bound; or (iii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Company, any such Subsidiary or any of their respective properties.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

THE COMPANY

SIGNED by)
)
for and on behalf of)
)
SUNSHINE OILSANDS LTD)
)
in the presence of:)

THE SUBSCRIBER

SIGNED by

for and on behalf of

PRIME UNION ENTERPRISES LIMITED

in the presence of: *W. WONG*

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