

Jet Power Investments Limited

AND

Fullsun International Holdings Group Co. Limited

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Term Sheet

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The following Parties set out below their mutual intentions in respect of the proposed debt restructuring of the Company and the proposed issuance of new ordinary shares of the Company on the following principal terms and conditions.

- 1. Parties:**
- (1) Fullsun International Holdings Group Co., Limited, a company incorporated under the laws of the Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") ("the "Company"); and
  - (2) Jet Power Investments Limited, a company incorporated under the laws of Hong Kong with limited liability (the "Investor")

(collectively referred to as the "Parties").

- 2. Proposed Restructuring:** It is contemplated that the restructuring of the Company (the "Restructuring") will comprise the following components:

1) Subscription of New Shares

- The Investor shall agree to provide a funding of USD20 million (the "Proceeds") to subscribe for new shares to be allotted and issued by the Company (the "Subscription Shares") representing 90% of the existing number of issued shares of the Company as enlarged by the Subscription Shares;
- The Proceeds will be utilized to settle (i) the cash consideration of HKD5M for the Creditors' Scheme (as defined below) and (ii) the restructuring cost

and the working capital of the PRC subsidiaries of the Company with the residual of the Proceeds.

- In consideration of the waiver of the debts due from the Company to its creditors, the Investor will assign 10% out of the Subscription Shares to be allotted and issued by the Company (the “Scheme Shares”) and cash of HKD5M from the Proceeds to the Creditors Scheme of the Company.
- It is expected that with the injection additional working capital in the sum of the residual of the Proceeds to the PRC subsidiaries of the Company, the business operation of these subsidiaries can be stabilized and the Company can avoid the forced sale of its PRC subsidiaries' assets due to the current winding up petition. Thus, the valuation of the Group can be restored to at least its net book value (i.e. HKD948million as at 31 December 2021 per audited accounts of the group).

2) Scheme of Arrangement (“Creditors’ Scheme”)

- Creditors’ Scheme is expected to be initiated by the Company to clean up its liabilities;
- the Scheme Shares shall be allotted and issued by the Company to the Creditors’ Scheme;
- Upon completion of the Creditors’ Scheme, HKD5M (“Scheme Cash consideration”) out of the Proceeds and the Scheme Shares will be used to settle all the debts due to its creditors under the Creditors’ Scheme;

**3. Shareholding:** Upon the completion of the Proposed Restructuring, it is expected that :

- The Investor will own 80% of the enlarged shares of the Company. It will then place down 5% to the public to reduce its shareholding from 80% to 75%.

- 10% of the enlarged shares will be assigned to the Creditors' Scheme for the benefit of the creditors of the Company.
- 10% of the enlarged shares will be owned by the original shareholders of the Company.
- 5% of the enlarged shares (to be placed out from the Investor) will be owned by the public.

**4. Conditions precedent:**

Completion of the Proposed Restructuring shall be conditional upon satisfaction or waiver of the following:

- (i) the Listing Committee having granted (either unconditionally or subject only to conditions reasonable acceptable to both the Company and the Investor) the listing of and permission to deal in the New Shares;
- (ii) a whitewash waiver having been granted by the Securities and Futures Commission and the satisfaction of any conditions attached thereto, if any;
- (iii) resolutions in relation to the Definitive Agreement (as defined below) and the transactions contemplated thereunder including the issue of the New Shares, shall have been duly passed by the shareholders of the Company in general meeting and all other consents and acts required under the Listing Rules having been obtained and completed;
- (iv) resolutions in relation to the Definitive Agreement and the transactions contemplated thereunder including the issue of the New Shares shall have been duly passed by the board of directors of the Company;
- (v) resolutions in relation to approval of whitewash waiver shall have been duly passed by the shareholders of the Company in general meeting;
- (vi) the Creditors' Scheme having become effective; and

- (vii) the Investor's satisfaction on their due diligence on the Company and its subsidiaries.

For the avoidance of doubt, none of the Parties may waive the condition precedent set out in sub-paragraph (ii) above to be incorporated in the Definitive Agreement.

- 5. **Definitive Agreement:** After the signing of this term sheet, the Parties shall negotiate in good faith the terms of the formal legally binding definitive agreement (the "Definitive Agreement") between the Parties reflecting the terms and conditions of the Restructuring as set forth herein and enter into the Definitive Agreement on or before 12 August 2022 or such later date as the Parties may from time to time agree in writing (the "Longstop Date").
- 6. **Undertaking of the Company:** The Company undertakes to the Investor that no solicitation or discussion on the investment similar to that contemplated under this term sheet will be made by itself and/or its related parties with any other parties and the Definitive Agreement or the like is exclusive for the Investor during the period commencing on the date of this term sheet up to (and including) the earlier of the Longstop Date and the date on which the Definitive Agreement is signed by the Parties.
- 7. **Legal status of this term sheet:** This term sheet is not, and is not intended to become, legally binding on any party except for paragraphs 6 to 10 hereof. This term sheet is also intended to set out the in-principle understanding of the Parties with regard to the Proposed Restructuring of the Company and to form the basis for the execution of the Definitive Agreement.
- 8. **Confidentiality:** Unless with the express prior written consent of the Company, the Investor agrees not to disclose the content of this term sheet to any person(s) other than to its affiliates, advisors, consultants, attorneys and other representatives involved in this transaction on a need-to-know basis.

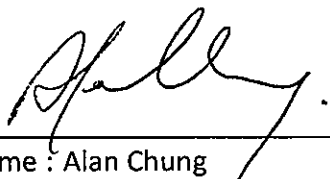
If any of the Parties are required by the HKSE, other regulatory authority, court of competent jurisdiction, rules of any regulatory authority, applicable laws or order of any court of competent jurisdiction to make any disclosure or announcement in relation to this term sheet, the disclosing

party shall notify the other parties in writing on the request to disclose, unless it is prohibited by the law.

- 9. Counterpart:** This term sheet may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.
- 10. Governing Law:** This term sheet (to the extent it constitutes legally binding obligations of the Parties as provided hereunder) is governed by and shall be construed in accordance with Hong Kong Law and the Parties hereby submit to the non-exclusive jurisdiction of the Hong Kong Courts.

Agreed and accepted by

For and on behalf of  
Jet Power Investments Limited

A handwritten signature in black ink, appearing to read 'Alan Chung', written over a horizontal line.

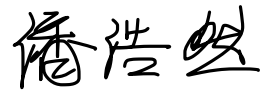
Name : Alan Chung

Position : Director

Date : 11 May 2022

Agreed and accepted by

For and on behalf of  
Fullsun International Holdings Group Co., Limited



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Name : PAN HAORAN

Position : Director

Date : 11 MAY 2022