

Dated the 17 th day of June 2015

**(1) NATIONAL HONOUR INVESTMENTS LIMITED**

**國譽投資有限公司**

(as vendor)

**(2) FRASER HOLDINGS LIMITED**

(as purchaser)

**(3) YU SHEK MAN RINGO (余錫萬)**

(as warrantor)

and

**(4) WONG SO WAH (黃素華)**

(as warrantor)

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**Sale and Purchase Agreement  
relating to 1 ordinary share of US\$1.00  
of the issued share capital of  
TRUE SINCERE GROUP LIMITED  
正誠集團有限公司**

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**LOONG & YEUNG**  
Suites 2001-2006, 20<sup>th</sup> Floor  
Jardine House  
1 Connaught Place  
Central, Hong Kong

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THIS AGREEMENT is made on the 17th day of June 2015

**BETWEEN:**

- (1) **NATIONAL HONOUR INVESTMENTS LIMITED** (國譽投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, and having its registered office at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgins Island, particulars of which and its shareholding in the Purchaser are set out in Schedule 1 (the “**Vendor**”);
- (2) **FRASER HOLDINGS LIMITED**, an exempted company with limited liability incorporated under the laws of the Cayman Islands and having its registered office situate at Clifton House, 75 Fort Street, P.O. Box 1350 Grand Cayman KY1-1108, Cayman Islands (the “**Purchaser**”);
- (3) **YU SHEK MAN RINGO** (余錫萬) (HK Identity Card Number: D371502(8)) of Flat G, 26/F, Block 13, South Horizons, Ap Lei Chau, Hong Kong (“**Mr. Yu**”);
- (4) **WONG SO WAH** (黃素華) (HK Identity Card Number: D553778(A)) of Flat G, 26/F, Block 13, South Horizons, Ap Lei Chau, Hong Kong (“**Ms. Wong**”)

(Mr. Yu and Ms. Wong, each a “**Warrantor**” and together the “**Warrantors**”)

**RECITALS:**

- (A) The Purchaser has made an application to the Stock Exchange (as hereinafter defined) for the listing of, and permission to deal in, all the Shares in issue and to be issued on the Growth Enterprise Market of the Stock Exchange (the “**Listing**”).
- (B) In preparation for the Listing, the group of companies comprising the Company (as hereinafter defined) and the Subsidiaries (as hereinafter defined) will undergo a reorganisation whereby the Company and the Subsidiaries will become subsidiaries of the Purchaser (the “**Reorganisation**”).
- (C) As at the date of this Agreement and as at Completion, the Vendor is owned as to 90% by Mr. Yu and 10% by Ms. Wong.
- (D) Under the Reorganisation, the Vendor will sell to the Purchaser and the Purchaser will purchase from the Vendor the entire issued share capital of the Company subject to and upon the terms and conditions of this Agreement.

**OPERATIVE PROVISIONS:**

**1. INTERPRETATION**

- 1.1 In this Agreement and the Schedules hereto, the following words and expressions shall where the context so admits bear the following meanings:

“**Accounting Date**”                      30 April 2015;

<b>“Accounts”</b>	the audited combined financial statements of the Purchaser as referred to in Appendix I to the Prospectus;
<b>“Agreement”</b>	this Agreement;
<b>“Business Day”</b>	a day (not being a Saturday or a Sunday or a “public holiday” as defined in the General Holidays Ordinance, Chapter 149 of the Laws of Hong Kong) on which banks generally are open for business in Hong Kong;
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
<b>“Company”</b>	TRUE SINCERE GROUP LIMITED (正誠集團有限公司), a company incorporated under the laws of the British Virgin Islands, further particulars of which are set out in Schedule 2;
<b>“Completion”</b>	completion of this Agreement as provided in Clause 4 below;
<b>“Completion Date”</b>	the date of this Agreement or such later date as shall be agreed between the Vendor and the Purchaser for Completion;
<b>“Consideration”</b>	the consideration payable for the Sale Share pursuant to the terms of this Agreement;
<b>“Consideration Shares”</b>	in aggregate; 9,999 Shares to be allotted and issued credited as fully paid to the Vendor or its nominee(s) as consideration for the acquisition of the Sale Share;
<b>“Disclosed”</b>	disclosed in a fair and accurate manner elsewhere in this Agreement, in the Accounts, in the Legal Opinions or in the Prospectus;
<b>“Event”</b>	any act, omission, transaction or circumstance occurring or subsisting at the relevant time;
<b>“Existing Share”</b>	the 1 nil paid Share registered in the name of the Vendor;
<b>“Group”</b>	the Company and the Subsidiaries and (where the context so permits) each of them and <b>“Group Company”</b> and <b>“member of the Group”</b> shall be construed accordingly;

<b>“HK\$” or “\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Indemnity”</b>	a deed of indemnity in the agreed form to be given by, inter alias, Mr. Yu to the Purchaser and each member of the Group in respect of certain taxation and other liabilities of the Group;
<b>“Legal Opinions”</b>	the legal opinions to be issued by Mr. Chan Chung and Messrs. Adrian Yeung & Cheng in respect of the Listing;
<b>“Loong &amp; Yeung”</b>	Messrs. Loong & Yeung of Suites 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong;
<b>“Properties”</b>	the properties owned by, leased to or licensed to and occupied by, the Group as referred to in the Prospectus;
<b>“Prospectus”</b>	the application proof of the prospectus (version date: [19] June 2015) of the Purchaser relating to the issue by the Purchaser of up to 80,000,000 Shares by way of placing and such amendments (including the number of Shares on offer) as the parties may reasonably agree, the final form of which to be registered with the Registrar of Companies in Hong Kong;
<b>“Sale Share”</b>	1 share of US\$1.00 in the share capital of the Company constituting the entire issued share capital of the Company;
<b>“Share” or “Shares”</b>	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Purchaser in issue from time to time;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subsidiaries”</b>	the companies the brief particulars of which are set out in Schedule 5 and references to a Subsidiary shall be construed accordingly;
<b>“Tax” or “Taxation”</b>	means and includes all forms of taxation and statutory, governmental, supra-government, state, principal, local governmental or municipal

impositions, duties, contributions and levies, in each case whether of Hong Kong, the British Virgin Islands or elsewhere, whenever imposed and all penalties, charges, costs and interest relating thereto and, without limitation, all employment taxes and any deductions or withholdings of any sort (where applicable);

**“US\$”** United States dollars, the lawful currency of the United States of America;

**“Warranties”** the warranties, representations and undertakings set out or incorporated by reference in Clause 5 and Schedule 3; and

**“Warranty Claim”** any claim for breach of any of the Warranties.

- 1.2 In this Agreement, the expression “indebtedness” shall mean any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of (a) money borrowed or raised, (b) any bond, note, loan stock, debenture or similar instrument, (c) acceptance or documentary credit facilities, (d) foreign exchange options, (e) rental payments under leases and hire purchase agreements and installments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned and (f) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person.
- 1.3 Words and expressions defined in the Companies Ordinance shall (unless the context clearly does not so permit) bear the same meanings where used in this Agreement.
- 1.4 The ejusdem generis rule of construction shall not apply to this Agreement and accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class or examples of acts, matters or things.
- 1.5 Words importing the singular shall include the plural and vice versa and words importing any gender shall include all other genders and references to persons shall include corporations and unincorporated associations.
- 1.6 References in this Agreement to statutory provisions shall be construed as references to those provisions as respectively amended, consolidated, extended or re-enacted from time to time and shall include the corresponding provisions of any earlier legislation (whether repealed or not) and any orders, regulations, instruments or other subordinate legislations made from time to time under the statute concerned.

- 1.7 References in this Agreement to Clause(s) and Schedule(s) are to the clause(s) of, and the schedule(s) to, this Agreement.
- 1.8 References to this Agreement shall include the Schedules hereto which shall form part hereof and shall have the same force and effect as if expressly set out in the body of this Agreement.
- 1.9 The Clause headings in this Agreement are for convenience only and shall not affect the interpretation hereof.
- 1.10 All representations, warranties, undertakings, indemnities, covenants, agreements and obligations given or entered into by more than one party are given or entered into jointly and severally by such parties unless otherwise specified.

## **2. AGREEMENT TO SELL AND PURCHASE**

- 2.1 On and subject to the terms and conditions of this Agreement, the Vendor shall as legal and beneficial owner sell the Sale Share to the Purchaser and the Purchaser shall purchase the same from the Vendor free from all liens, charges, encumbrances and other equities of any description and together with the benefit of all rights and profits attaching thereto including all rights to dividends and other distributions declared, made or payable thereon, at the consideration under Clause 3.1(A).

## **3. CONSIDERATION**

- 3.1 In consideration of the Vendor agreeing to sell the Sale Share to the Purchaser, the Purchaser shall procure the passing of relevant shareholders' resolutions and board resolutions of the Purchaser to approve (i) crediting as fully paid at par the Existing Share which is registered in the name of the Vendor, and (ii) the allotment and issue of 9,999 Shares credited as fully paid at par to the Vendor or its nominee(s) as the consideration.
- 3.2 The Consideration Shares to be allotted and issued pursuant to Clause 3.1 shall rank pari passu in all respects with the existing Share(s) in issue as at the Completion Date.

## **4. COMPLETION**

- 4.1 Unless otherwise agreed, Completion shall take place at the office of Loong & Yeung or such other place as the Vendor and the Purchaser may agree on or before 9:00 p.m. at the Completion Date.
- 4.2 On Completion:
- (A) the Vendor shall procure that resolutions of the director(s) or a meeting of the board of directors of the Company shall be passed or held at which:
- (i) the transfer of the Sale Share from the Vendor to the Purchaser be approved;

- (ii) the registration as the holder(s) of the Sale Share in the name(s) of the Purchaser and/or its nominee(s) be approved; and
  - (iii) such other business be attended to as the Purchaser shall reasonably require to vest in the Purchaser (or as it shall direct) the beneficial ownership of the Sale Share (as the case may be);
- (B) the Vendor shall deliver or procure to be delivered to the Purchaser duly executed instrument of transfer in respect of the Sale Share in favour of the Purchaser or the Purchaser's nominee(s) together with the share certificate therefor;
- (C) the Vendor shall deliver or procure to be delivered to the Purchaser:
- (i) each of the resolutions of the director(s) or minutes of the board of directors as mentioned in Clause 4.2(A) above;
  - (ii) the Certificates of Incorporation, Certificates of Incorporation on Change of Name (if any), Business Registration Certificates, Certificates of Approval, Business Licences, Memorandum and Articles of Association, the Common Seals, Minute Books, Registers of Members (duly written up to date), Share Certificate books and all other statutory records of each member of the Group, including all rubber stamps, cheque books, cheque stubs and bank statements, receipt books, all current insurance policies and title deeds and evidence of ownership to all assets and all current contracts and all other documents and papers in connection with its affairs; and
  - (iii) such waivers, consents or other documents as the Purchaser may reasonably require to enable the Purchaser and/or its nominee(s) to be registered as holder(s) of the Sale Share; and
- (D) against compliance with the provisions of Clauses 4.2 (A) to (D), the Purchaser shall have procured the passing of shareholders' resolutions and director's resolutions of the Purchaser approving (i) the crediting as fully paid at par the Existing Share held by the Vendor; (ii) the allotment and issue of the Consideration Shares credited as fully paid to the Vendor or its nominee(s) (as directed by the Vendor in writing); (iv) registered the Vendor or such of its nominee(s) as holder(s) of the Consideration Shares in the register of members of the Purchaser.

4.3 Completion for the sale and purchase of the Sale Share shall take place simultaneously. For the avoidance of doubt, the Purchaser is not obliged to purchase all or any part of the Sale Share unless completion of all the Sale Share take place simultaneously.

4.4 Without prejudice to any other remedies available to the Purchaser, if any of the provisions of Clauses 4.2 (A) to (D) is not fully complied with, the Purchaser shall be entitled (in addition to and without prejudice to all other rights or remedies available to it, including specific performance) to elect to effect Completion so far



as practicable having regard to the defaults which have occurred and treat this Agreement as completed subject to satisfaction of a condition subsequent that the defaults be remedied within such time as it may specify or to rescind this Agreement.

- 4.5 If the provision of Clause 4.2 (E) is not fully complied with, subject to Clause 4.3, the Vendor shall be entitled (in addition to and without prejudice to all other rights or remedies available to it) to elect to rescind this Agreement or to effect Completion so far as practicable having regard to the defaults which have occurred and treat this Agreement as completed subject to satisfaction of a condition subsequent that the defaults be remedied within such time as it may specify.

## **5. WARRANTIES**

- 5.1 Save as Disclosed and subject to the provisions of Schedule 4, which shall apply to all claims for breaches of any of the Warranties, the Vendor and the Warrantors hereby jointly and severally represent and warrant and undertake to the Purchaser (for the benefit of the Purchaser and its successors and permitted assigns) in terms of the Warranties set out below and those set out in Schedule 3 are true and accurate in all material respects and not misleading in any way as at the date of this Agreement and will continue to be so up to the time of Completion (if it takes place after the date of this Agreement). The Vendor and the Warrantors acknowledge that the Purchaser is entering into this Agreement in reliance on the Warranties and may treat them as conditions of this Agreement. For these purposes, the Warranties given by the Vendor and the Warrantors (each in respect of itself) are:

- (A) that each of them has full power and authority and has obtained all necessary consents, authorisation, waivers and licences to enter into and perform the obligations to be performed by each of them under or pursuant to this Agreement and any agreement to be entered into by each of them as herein mentioned;
- (B) that the Vendor is the absolute beneficial owner of the Sale Share and has full power to sell and transfer to the Purchaser full legal and beneficial title to and in the Sale Share and that the Sale Share represents the entire issued share capital of the Company, and is and will at Completion be free from all charges, liens, encumbrances and equities, claims, whatsoever;
- (C) that no part of the Sale Share or the remaining unissued share or loan capital of the Company is now under option or is agreed conditionally or unconditionally to be created or issued or put under option and no such right will be granted before Completion and there exist no other rights of pre-emption or similar rights and no mortgage, charge, pledge, lien or other form of security or encumbrance on over or in respect of the Sale Share or the unissued share or loan capital of the Company and no person has the right to call for the issue, settlement or transfer of any share or loan capital of the Company, whether conditional or unconditional and including any option;
- (D) that there is no option, right, warrant, commitment, agreement or

arrangement in force which provides for the present or future issue or transfer of or conversion or exchange to or grant to any person of the right (whether oral or written and whether conditional or otherwise) to call for the issue or transfer of or conversion to any equity interests in or loan capital of any member of the Group (including any option or right of pre-emption or conversion); and

- (E) that no consent of any third party is required for the sale of all or any part of the Sale Share,

and references elsewhere in this Agreement to the Warranties shall, as regards the Vendor and the Warrantors, be construed accordingly.

- 5.2 Except as provided below, the Warranties are given on the basis that no other information of which the Purchaser or any of its officers or employees has actual or constructive knowledge shall prejudice any claim under the Warranties or operate to reduce any amount recoverable thereunder and it shall not be a defence to any claim against the Vendor and the Warrantors that the Purchaser or any of its officers or employees knew or ought to have known or had constructive knowledge of any information relating to the circumstances giving rise to the claims.
- 5.3 The Warranties shall be deemed repeated immediately before Completion with reference to the then existing facts and circumstances.
- 5.4 Each of the Warranties is given separately and independently from and (save as provided in Clause 5.2) shall not be limited by reference to any other paragraph or anything in this Agreement (including the Schedules).
- 5.5 Save as necessary to give effect to the express terms of this Agreement, the Vendor and the Warrantors shall not and shall procure that the Group shall not do, allow or procure before Completion anything which is or might cause or constitute or result in a breach of any of the Warranties as given on exchange hereof and/or immediately prior to Completion.
- 5.6 The Vendor and the Warrantors shall forthwith disclose to the Purchaser in writing any matter or thing which may arise or become known to them after the date hereof (whether or not prior to Completion) which is or could be a breach of or inconsistent with or may render inaccurate or misleading any of the Warranties as given on exchange hereof and/or immediately prior to Completion.
- 5.7 In the event of any breach of the Warranties (and without restricting the rights or ability of the Purchaser to claim damages on any bases available to it in respect of such breach), the Vendor and the Warrantors shall, jointly and severally, on demand pay to the Purchaser (or, at the request of the Purchaser) a sum equal to the greater of:
  - (A) the amount by which the value of any asset or assets of any of the members of the Group is or are less than or (as the case may be) the amount by which any loss and/or liability or liabilities of the relevant members of the Group is or are greater than would have been the case if there had been no breach of

the Warranties; and

- (B) the amount by which the value of the Sale Share is less than would have been the case if there had been no breach of the Warranties together with an amount equal to any expenses, losses or liabilities of the Purchaser and/or any member of the Group which it would not have incurred or which would not have existed if there had been no such breach.

5.8 The Purchaser may take action for any breach or non-fulfillment of the Warranties before or after Completion notwithstanding that such breach or non-fulfillment was known to or discoverable by the Purchaser before Completion and notwithstanding that the Purchaser shall delay or otherwise fail to exercise its rights hereunder or generally in such regard.

5.9 The Vendor and the Warrantors hereby irrevocably waive any right or claim which they may have against any member of the Group in respect of any misrepresentation, inaccuracy or omission in or from any information or advice given by any member of the Group or any of their officers or employees to the Vendor and the Warrantors to enable them to give any of the Warranties, or to assume any of the obligations assumed or to be assumed by them under or pursuant to this Agreement.

5.10 Each of the Vendor and the Warrantors undertakes in relation to the Warranties that it has made full enquiry and there is no other information of which it is aware, the omission of which would render any of the Warranties inaccurate, incomplete or misleading. Each of the Vendor and the Warrantors undertakes to notify the Purchaser in writing of any matter or thing of which any of them become aware of and which is or may be a material breach of or materially inconsistent with any of the Warranties.

5.11 Each of the Vendor and the Warrantors agrees and acknowledges that the Purchaser is entering into this Agreement in reliance on the Warranties and the accuracy of the matters that have been Disclosed notwithstanding any information which may otherwise come into the possession of the Purchaser or which the Purchaser ought to have known or had constructive knowledge on.

5.12 (A) Each of the Vendor and the Warrantors represents and warrants to the Purchaser that all information given by them to the Purchaser or its legal advisers or its auditors or advisers relating to the Group or their respective assets or affairs which would be material to a purchaser for a value of the shares, undertaking or assets of the Group was, when given, and is true, accurate and comprehensive and in all material respects and there is no other information not provided thereto the omission of which will make any such information misleading in any material respect, and all such information is contained in this Agreement, the Accounts and the Prospectus; and

- (B) all information contained or referred to in the Prospectus is true, complete and accurate and fairly presented and nothing has been omitted from the Prospectus which renders any of that information incomplete or misleading.

- 5.13 The Purchaser shall not be entitled to claim that any fact, matter or circumstance constitutes a breach of any of the representations, warranties and undertakings to the extent that such fact, matter or circumstance has been Disclosed or to the extent of any matter or thing hereafter done or omitted to be done at the written request or with the written approval of the Purchaser.

## **6. FURTHER ASSURANCE**

- 6.1 The Vendor and the Warrantors hereby agree to do or to procure the doing of any such further acts, documents and things as the Purchaser may reasonably require to vest in the Purchaser (or as it shall direct) the beneficial ownership of the Sale Share free from all charges, liens, encumbrances and other adverse interests and to vest the benefit of this Agreement in the Purchaser.

- 6.2 Each of the Vendor and the Warrantors hereby irrevocably and unconditionally appoint the Purchaser with effect on and from Completion as their respective attorney with full powers of substitutions in its name and for it and on its behalf (and to the complete exclusion of any rights it may have in such regard) lawfully to exercise all voting and other rights and receive all the benefits and entitlements which may now or at any time hereafter attached to the Sale Share registered in their respective names (whether alone or jointly with any other person) and to transfer and deal with such shares, rights, benefits and entitlements and execute such documents under hand or as a deed and do such acts and things in connection with the foregoing (including without limitation the passing of any resolutions required to facilitate Completion) as the Purchaser shall from time to time think fit in all respects as if the Purchaser were the absolute legal and beneficial owner thereof.

- 6.3 The power of attorney granted in this Clause is given by way of security for the due performance by the Vendor and the Warrantors of their respective obligations thereby contemplated.

## **7. REVISIONS TO PROSPECTUS**

It is acknowledged by the parties and warranted by each of the parties to the other of them that whilst they have taken all reasonable care in preparing the Prospectus, certain aspects thereof may require revisions prior to the issue thereof and that no party shall have any claim against any other of them in respect of any revisions thereof prior to the date of its issue.

## **8. SURVIVAL OF AGREEMENT**

This Agreement (and in particular the warranties, representations, covenants agreements and undertakings of the Vendor and/or the Warrantors hereunder) shall, insofar as the terms thereof remain to be performed or are capable of subsisting, remain in full force and effect after and notwithstanding Completion.

## **9. COSTS**

Save as expressly otherwise provided herein, each party shall pay its own costs and expenses in connection with the preparation and carrying into effect of this Agreement. All stamp duty (if any) payable in respect of the transactions contemplated herein shall be borne by the Purchaser.

## **10. SUCCESSORS AND ASSIGNS**

This Agreement shall not be assignable by the parties hereto (save as expressly permitted herein) but shall be binding upon and enure for the benefit of each party's successors in title.

## **11. GENERAL**

11.1 This Agreement supersedes all previous agreements between the parties or any of them in relation to the sale and purchase of the Sale Share and the other matters referred to in this Agreement and the parties acknowledge that no claim shall arise in respect of any agreement so superseded.

11.2 This Agreement contains the entire agreement between the parties relating to the sale and purchase of the Sale Share and there are no other representations, warranties, conditions or terms whatsoever applicable thereto whether express or implied. In particular, each of the parties confirms that it has not been induced to enter into this Agreement by any statement or statements of fact or opinion other than such (if any) as are contained herein such statements, in the case of the Warranties, being subject to all matters referred to in Clause 5.13.

11.3 Any variation to this Agreement shall be binding only if recorded in a document signed by the parties.

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

11.5 Save in respect of matters required to be Disclosed by law or other governmental or regulatory authorities or in connection with the proposed listing of the share capital of the Purchaser on the Stock Exchange, none of the parties hereto shall make any press statement or public announcement or otherwise in connection with this Agreement without first having receiving the prior written approval of the Purchaser.

## **12. NOTICES**

12.1 Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively "communication" in this Clause 12) shall be in writing and may be served or given personally or sent to the address or

facsimile number (if any) stated below, or to such other address as may have been last notified in writing by such party to the party serving the communication specifically referring to this Agreement:

(a) in the case of the Vendor:

Attention: Mr. Yu Shek Man Ringo  
Address: Room 1122, Pacific Link Tower (South Mark), 11 Yip Hong Street, Wong Chuk Hang, Hong Kong  
Facsimile number: (852) 2580 0470

(b) in the case of the Purchaser:

Attention: Board of Directors  
Address: Room 1122, Pacific Link Tower (South Mark), 11 Yip Hong Street, Wong Chuk Hang, Hong Kong  
Facsimile number: (852) 2580 0470

(c) in the case of the Warrantors:

Mr. Yu  
Address: Room 1122, Pacific Link Tower (South Mark), 11 Yip Hong Street, Wong Chuk Hang, Hong Kong  
Facsimile number: (852) 2580 0470

Ms. Wong  
Address: Room 1122, Pacific Link Tower (South Mark), 11 Yip Hong Street, Wong Chuk Hang, Hong Kong  
Facsimile number: (852) 2580 0470

All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	24 hours
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

12.2 A communication served in accordance with Clause 12.1 shall be deemed

sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a satisfactory report of transmission printed out by the sending machine.

- 12.3 Nothing in this Clause 12 shall preclude the service of communication or the proof of such service by any mode permitted by law.

### **13. GUARANTEES**

- 13.1 In consideration of the Purchaser entering into this Agreement, each of Mr. Yu and Ms. Wong (as principal obligor and not merely as surety) hereby unconditionally guarantees the performance by the Vendor of all its obligations and liabilities under or arising out of or in connection with this Agreement (referred to herein as the "**Guaranteed Obligations**") and undertakes to the Purchaser that if and whenever the Vendor is in default, he or she shall duly and promptly perform or procure such performance of the Guaranteed Obligations. Each of Mr. Yu and Ms. Wong hereby agrees to indemnify and keep the Purchaser fully indemnified against any loss, liability or expenses, including legal fees and costs on a full indemnity basis and any other fees and costs that may result from any failure of the Vendor to perform any of the Guaranteed Obligations when and as due, or that may be incurred by or on behalf of the Purchaser in enforcing any obligation of the Vendor and each of Mr. Yu and Ms. Wong to perform or satisfy any of the Guaranteed Obligations.

- 13.5 The guarantees and indemnities contained in this Clause 13 are continuing guarantees and will remain in full force and effect until all the Guaranteed Obligations have been performed and satisfied in full or been discharged unless and until this Agreement shall lapse and determine and cease to have any effect.

### **14. COUNTERPARTS**

This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts each of which when executed shall be binding on the party who has executed it and all of which when taken together shall constitute one and the same document.

### **15. GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereby irrevocably undertake to submit themselves to the non-exclusive jurisdiction of the courts of Hong Kong.

### **16. PROCESS AGENTS**

- 16.1 The Vendor hereby irrevocably appoints the agent set out in Schedule 6 as its agent to accept, receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. The Vendor

irrevocably agrees that if its process agent (or its successor) ceases to have an address in Hong Kong or cease to act as its process agent, it shall promptly appoint a successor agent and notify all the other parties to this Agreement. The Vendor agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to it.

- 16.2 The Purchaser hereby irrevocably appoints the agent set out in Schedule 6 as its agent to accept, receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. The Purchaser irrevocably agrees that if its process agent (or its successor) ceases to have an address in Hong Kong or cease to act as its process agent, it shall promptly appoint a successor agent and notify all the other parties to this Agreement. The Purchaser agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to it.

**17. ACKNOWLEDGEMENT**

Each of the Vendor and the Warrantors acknowledge that in the preparation of this Agreement and any other document in connection therewith, Loong & Yeung is acting solely as solicitors to the Purchaser, and the Vendor and each of the Warrantors have taken all necessary independent legal advice that they deem appropriate prior to the signing of this Agreement.



IN WITNESS whereof this Agreement has been duly executed by each of the parties as of the day and year first before written.

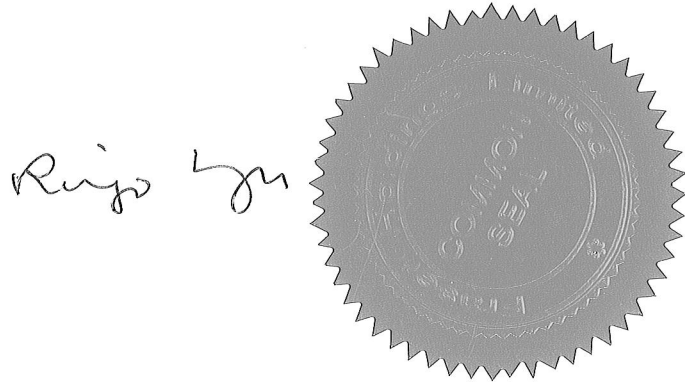
SEALED WITH THE COMMON SEAL of )  
NATIONAL HONOUR INVESTMENTS )  
LIMITED (國譽投資有限公司) )  
and SIGNED by YU SHEK MAN RINGO )  
its director on its behalf )  
in the presence of: *Wong So Wah* )

Wong So Wah



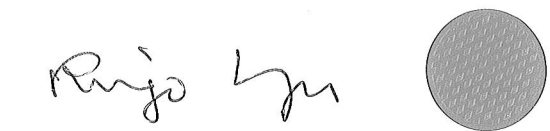
SEALED WITH THE COMMON SEAL of )  
FRASER HOLDINGS LIMITED )  
and SIGNED by YU SHEK MAN RINGO )  
its director on its behalf )  
in the presence of: *Wong So Wah* )

Wong So Wah



SIGNED, SEALED AND DELIVERED as a )  
deed by YU SHEK MAN RINGO (余錫萬) )  
in the presence of: *Wong So Wah* )

Wong So Wah



SIGNED, SEALED AND DELIVERED as a )  
deed by WONG SO WAH (黃素華) )  
in the presence of: )

*Ringo Ym*  
Yu Shek Man Ringo



## SCHEDULE 1

### DETAILS OF THE VENDOR

Name : National Honour Investments Limited (國譽投資有限公司)

Registered Office : NovaSage Chambers, P.O. Box 4389  
Road Town, Tortola  
British Virgin Islands

Directors : Yu Shek Man Ringo  
Wong So Wah

Number of Shares held in the Purchaser : 1

## SCHEDULE 2

### DETAILS OF THE COMPANY

Name	:	True Sincere Group Limited (正誠集團有限公司)		
Incorporation date	:	13 March 2015		
Company number	:	1865848		
Place of incorporation	:	British Virgin Islands		
Registered office	:	NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands		
Authorised share capital	:	A maximum of 50,000 shares of one class with a par value of US\$1.00 each		
Issued share capital	:	US\$1.00 divided into 1 ordinary share of US\$1.00		
Directors	:	Yu Shek Man Ringo Wong So Wah		
Shareholder	:	<b><u>Name</u></b>	<b><u>Number of shares held</u></b>	<b><u>Percentage of shareholding</u></b> <b><u>%</u></b>
		National Honour Investments Limited (國譽投資有限公司)	1	100
Scope of business	:	Investment holding		

### **SCHEDULE 3**

#### **WARRANTIES**

##### **INTERPRETATION**

- (1) Where any of the following paragraphs of this Schedule is qualified by the expression “to the best of the knowledge, information and belief of the Vendor and Warrantors” or “so far as the Vendor and the Warrantors are aware” or any similar expression, then (unless clearly not admitted by the context) that paragraph shall be deemed to include an additional warranty to the effect that the statement has been made after due and careful enquiry, including without limitation, with the relevant professional advisers of the Subsidiaries.
- (2) Unless the context requires otherwise, the representations, warranties and undertakings contained in this Schedule in relation to the Company shall be deemed to be repeated mutatis mutandis in relation to each member of the Group.
- (3) All warranties contained in this Schedule 3 are deemed to be prefaced by the expression “Save as Disclosed”.

##### **ACCOUNTS**

- (4) The Accounts have been prepared in accordance with the requirements of all relevant statutes and with good and generally accepted accountancy principles and practice consistently applied and are accurate in all respects and show a true and fair view of the state of affairs of the Company and of its results and profits as at the date to which the Accounts were made and:
  - (A) the Accounts are accurate in all material respects and have made adequate and appropriate provision for any bad or doubtful debts and for all established liabilities and have made appropriate provision for (or contain a note in accordance with relevant generally accepted accounting principles, standards and practices) all deferred or contingent material liabilities, whether liquidated or unliquidated at the respective dates thereof;
  - (B) depreciation of fixed assets has been made at a rate sufficient to write down the value of such assets to a nominal value not later than the end of their estimated useful working lives;
  - (C) slow moving stock has been written down appropriately in accordance with the relevant generally accepted accounting principles, standards and practices and unrecoverable work in progress and redundant and obsolete stock has been wholly written off and the value attributed to the remaining stock did not exceed the lower of cost or net realisable book value at the Accounting Date on a going concern basis;

- (D) the Accounts disclose and make proper provision or reserve for or note all capital or burdensome commitments and deferred taxation; and
- (E) the profits and losses shown by the Accounts have not in any material respect been affected by any unusual or exceptional item or by any other matter which has rendered such profits or losses unusually high or low,

and no notice or allegation that any of the above is incorrect has been received by the Group, so far as the Vendor and the Warrantors are aware.

(5) Books and records

All the accounts, books, ledgers, financial and other records (including but not limited to statutory and accounting records), of whatsoever kind, of the Company:

- (A) are in its possession or access;
- (B) have been fully, properly and accurately kept, completed and brought up to date;
- (C) do not contain any material inaccuracies or discrepancies of any kind;
- (D) give and reflect a true and fair view of its trading transactions, and its financial, contractual and trading position; and
- (E) have been properly kept and maintained in accordance with relevant laws applicable thereto,

and no notice or allegation that any of them is materially incorrect or should be rectified have been received.

### **COMPLIANCE WITH LEGAL REQUIREMENTS**

- (6) (A) Each member of the Group has duly incorporated and is validly existing under the laws of its jurisdiction of incorporation and has full power, authority and legal right to own its assets and carry on its business.
- (B) Each member of the Group has duly and properly complied in all respects with any filing and registration requirements in respect of corporate or other documents and licences imposed under all relevant laws.
- (C) The statutory books and minute books of each member of the Group have been properly written up and each member of the Group has not received any application or request for rectification of its register and compliance has been made in all material respects with all other legal requirements concerning any member of the Group and all issues of shares, debentures or other securities thereof.
- (D) A copy of the memorandum and articles of association or analogous constitutive documents of each member of the Group, which has been produced to the Purchaser, is accurate and complete in all respects as at the

date of this Agreement, has attached to it copies of all resolutions and other documents required by law to be so attached, and fully sets out all rights and restrictions attaching to each class of the share capital of each member of the Group and the register of members and other statutory books of each member of the Group has been properly kept and contain a true, accurate and complete record of the matters which should be dealt with therein and no notice or allegation that any of the same is incorrect or should be rectified has been received.

- (E) Each member of the Group and the directors of the respective members of the Group (in their capacity as such) have complied with all relevant legislation and obtained all necessary licences and consents to carry on business whether in the country, territory or state in which it is incorporated or elsewhere and will at Completion have complied with all legal requirements in relation to any transactions to which each member of the Group has been a party prior to Completion.

### **REGULATORY REQUIREMENTS**

- (7) (A) Each member of the Group has obtained all licences, permissions, authorisations, consents and exceptions required for the carrying on of its business and such licences, permissions, authorisations, consents and exceptions are in full force and effect; and, to the best knowledge of the Vendor and the Warrantors there are no circumstances which indicate that any of such licences, permissions, authorisations, consents or exceptions may be revoked or not renewed, in whole or in part.
- (B) Each member of the Group has conducted its business or corporate affairs in all material respects in accordance with their respective memorandum and articles of association (or equivalent constitutive documents) from time to time in force, with all applicable laws and regulations of Hong Kong or the place of incorporation of such member of the Group and there is no violation of, or dealt with respect to, any ordinance, statute, regulation, order decree or judgment of a court or any governmental agency of Hong Kong or any other jurisdiction in which any member of the Group is established or conducts business which could reasonably have a material adverse effect upon the assets or business of any member of the Group.
- (C) None of the activities or contracts or rights of any Group Company is ultra vires or illegal or falls outside the scope of business as specified in the relevant business licences in respect of the Group Company established in Hong Kong.

### **SUPERVISORY AND REGISTRATION REQUIREMENTS**

- (8) Each member of the Group's books and records have been brought up-to-date in compliance with all the requirements of all appropriate and applicable law or statutes and in accordance with any powers or directions issued thereunder by the relevant authorities, and all accounts, returns, particulars, resolutions and other documents required to be delivered by each member of the Group to the registrar of companies or any other relevant authority have been duly delivered filed or registered in proper form and on due dates.

## **LITIGATION**

- (9) (A) No member of the Group is engaged in (nor is any director in relation to the affairs of any member of the Group engaged in) any material legal proceedings (including litigation, arbitration and prosecution) (apart from debt collecting in the ordinary course of business) and no such proceedings are pending or threatened, nor to the best knowledge of the Vendor and the Warrantors are there any facts likely to give rise to such proceedings known or which would on reasonable enquiry be known to any member of the Group or their respective directors.
- (B) To the best knowledge of the Vendor and the Warrantors, no member of the Group is the subject of any investigation, inquiry or enforcement proceedings or process by any governmental, administrative or regulatory body nor are the Vendor and the Warrantors aware of anything which is likely to give rise to any such investigation, inquiry, proceedings or process.
- (C) No member of the Group is insolvent and no order has been made or resolution passed for the winding up of any member of the Group and there is no outstanding petition for the winding up of any member of the Group or any receivership of the whole or any part of the undertaking and assets of any member of the Group and there are no circumstances which would entitle any person to present such a petition or to appoint such receiver.
- (D) No material unsatisfied judgment, order or award is outstanding against any member of the Group and no distress or execution has been levied on, or other process commenced against, any asset of any member of the Group.
- (E) There is no dispute with any revenue or official department in Hong Kong, the British Virgin Islands or any other part of the world in relation to the affairs of any member of the Group.
- (F) To the best knowledge of the Vendor and the Warrantors, no member of the Group or any of its employees in the course of their employment has committed any criminal act or material breach of contract or statutory duty or any tortious or other unlawful act which may materially affect the Group or its business.

## **EMPLOYEES**

- (10) (A) To the best knowledge of the Vendor and the Warrantors, no former director, officer, employee or agent of any member of the Group has any claim against any member of the Group for compensation for loss of office or arising out of the termination of his office or employment and to the best knowledge of the Vendor and the Warrantors, no such potential claim is pending against any member of the Group.
- (B) None of any member of the Group is a party to any profit sharing scheme, share option scheme, share incentive scheme or any other scheme under which any director, officer, employee or agent of any members of the Group is entitled to participate in the profits of the members of the Group or has any

rights in respect of any shares or stock of any members of the Group.

- (C) So far as the Vendor and the Warrantors are aware, no member of the Group, nor any of its officers, agents or employees (during the course of their duties in relation to such member of the Group) have committed, or omitted to do, any act or thing the commission or omission of which is, or could be, in contravention of any material laws of Hong Kong, its jurisdiction of incorporation or any other jurisdiction in which such member of the Group carries on business or has a presence which is punishable by fine or other penalty and no notice or communication has been received with respect to any alleged, actual or potential violation of or failure to comply with, any of the same.
- (D) Each member of the Group has in relation to each of its employees and to each of its former employees:
  - (i) complied with its obligations under all employment laws of Hong Kong and such other jurisdictions in which such member of the Group is incorporated and has complied with all health and safety at work and has maintained adequate and suitable records regarding the service of the employee;
  - (ii) discharged fully its obligations to pay all salaries, wages, commissions, bonuses, contributions under the social welfare scheme, overtime pay, holiday pay, sick pay, accrued entitlement under incentive schemes tax and other benefits of or connected with employment up to the date of this Agreement;
  - (iii) no dispute has arisen within the last three years which has remained outstanding or otherwise unresolved between any member of the Group and a material number or category of its employees or former employees and there are no present circumstances which are likely to give rise to any such dispute; and
  - (iv) there are no material complaints pending or threatened against any member of the Group of whatsoever nature in relation to any of its employees or former employees and there is no material industrial action or dispute threatened or existing or anticipated in respect of or concerning any employees or former employees of any member of the Group.
- (E) No Group Company is bound nor accustomed to pay any moneys other than in respect of normal salary, remuneration, gratuities or emoluments of employment to or for the benefit of, any of its officers or employees.
- (F)
  - (1) Where any Group Company has established a staff bonus, welfare or retirement fund, such fund is adequately and properly funded;
  - (2) All deductions and payments required by applicable laws and regulations to be made by any Group Company in respect of contributions (including employer's contributions) to any relevant



competent authority have been duly made; and

- (3) Proper and adequate written records have been maintained in respect of all such deductions and payments and all regulations applicable thereto have been complied with.
  
- (G) There are no outstanding with respect to each Group Company any contracts of service with directors or employees which cannot be terminated by twelve months' notice or less or (where not reduced to writing) by reasonable notice without giving rise to any claims for damages or compensation (other than statutory compensation).
  
- (H)
  - (1) No material liability has been incurred by any Group Company for breach of any contract of service or for services, for redundancy payments or severance payments or long service payments, for compensation for wrongful dismissal or unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee in relation to the directors or employees of any Group Company, and there are no facts or circumstances known or which would on reasonable enquiry be known to the Vendor and the Warrantors which might suggest that such material liability is likely to arise; and
  
  - (2) No material gratuitous payment has been made or promised by any Group Company in connection with the actual or proposed termination or suspension of employment or variation of any contract of employment of any present or former director or employee.
  
- (I) Each Group Company has at all relevant times complied with all its obligations under the applicable legislation and otherwise concerning the health and safety at work of its employees, save for non-compliance of which would not have a material adverse effect on the Group's business, operations or financial position, and so far as the Vendor and the Warrantors are aware, there are no material claims capable of arising or threatened or pending by any employee or third party in respect of any accident or injury which are not covered by insurance.

#### **SINCE THE ACCOUNTING DATE**

- (11) Since the Accounting Date and save for the purpose of the Reorganisation:
  - (A) the business of each member of the Group has been carried on in the ordinary course and so as to maintain it as a going concern and there has been no material adverse change in the financial position or trading prospects of any member of the Group;
  
  - (B) none of the Group Companies has entered into any contract or commitment of an annual, onerous or long term nature;
  
  - (C) there has been no material adverse change in the business, customer relations of the business or in the financial condition, operations, prospects, assets or

liabilities of any of the Group Companies as compared with the position disclosed in the Accounts or is otherwise material in the context of the financial or other condition, operations or prospects of such Group Company and there has been no material damage, destruction or loss (whether or not covered by insurance) affecting the said business or its properties or assets;

- (D) each of the Group Companies has continued to pay its suppliers, creditors or sub-contractors in the ordinary course of business and no unusual or onerous trade discounts or credit terms have been incorporated into any contract entered into by any such Group Companies;
  - (E) no group Companies has to any material extent, acquired, sold, transferred or otherwise disposed of any properties or assets of whatsoever nature or cancelled or waived or released or discounted in whole or in part any debts or claims, except in each case in the ordinary course of business and no Group Company has agreed to do any of the foregoing;
  - (F) the financial year end of the Subsidiaries has continued to be 31st March of each year;
  - (G) no event has occurred which would entitle any third party (with or without the giving of notice) to call for the repayment of indebtedness prior to its normal maturity date;
  - (H) such of the book debts shown in the Accounts (if any) and all other book debts arising since such time have been realised at amounts not less than those shown in the Accounts or, in the case of subsequently arising book debts, their face amount, and no indication has been received that any debt now owing to any member of the Group is bad or doubtful.
- (12) Since the Accounting Date, the respective business of each member of the Group has not been materially and adversely affected by the loss of any important customer(s) or source(s) of supply or any abnormal factor(s) not affecting similar businesses to a similar extent, and the Vendor and the Warrantors are not aware of any facts likely to give rise to any such effect whether before or after Completion.

## **TAXATION**

- (13) Each member of the Group has within the requisite time limits duly made all returns, given all notices, and supplied all other information required to be supplied to any competent relevant fiscal authority in any part of the world and all such information returns and notices were when given or supplied and are now accurate in all material respects and made on a proper basis and are not, so far as the Vendor and the Warrantors are aware, likely to be the subject of any dispute with any of the relevant authorities concerned and each of the members of the Group is not presently subject to any tax examination, audit, investigation or other proceeding or assessment by the relevant revenue or other appropriate authorities and there are no present circumstances likely to give rise to any such tax examination, audit, investigation, proceeding or assessment. Each member of the Group has paid to the relevant fiscal authorities for all Taxation due to be paid by it up to Completion.

- (14) The provisions or reserves for Taxation appearing in the Accounts are sufficient (on the basis of the rates of Taxation current at the date hereof) to cover all Taxation for which any member of the Group was at the Accounting Date or may after that date become or have become liable on or in respect of or by reference to any profits gains or income (whether deemed or actual) for any period ended on or before the Accounting Date or in respect of any distribution or transaction made or entered into or deemed made or entered into on or before the Accounting Date.
- (15) Each member of the Group has duly deducted withheld paid and accounted for all tax due to have been deducted withheld paid or accounted for by it before the date of this Agreement and is not and has not at any time since the Accounting Date been liable to pay interest on any unpaid taxation.
- (16) Each member of the Group has taken all necessary steps to obtain any repayment of or relief from Taxation available to it.
- (17) Each member of the Group made no borrowings in a foreign currency such that on repayment a charge to tax might arise on any profit or gain accruing in relation or by reference to any such repayment.
- (18) No member of the Group has engaged in any transaction in respect of which there may be substituted for any purpose of Taxation a different consideration for the actual consideration given or received by it.

## **FINANCE**

- (19) Capital commitments

There were no commitments on capital account contracted for at the date to which the Accounts were made up and no member of the Group has made or agreed to make any capital expenditure, or incurred or agreed to incur any capital commitments nor has it disposed of or realised any capital assets or any interest therein.

- (20) Borrowings

All amounts outstanding and appearing in the books of any member of the Group as loan accounts or as due to directors or shareholders wholly represent money or moneys worth paid or transferred to any member of the Group as the case may be or remuneration accrued due and payable for services rendered and (save for such remuneration and save for dividends) no part thereof has been provided directly or indirectly out of the assets of any member of the Group.

- (21) Continuation of facilities

In relation to all debentures, acceptance credits, overdrafts, loans or other financial facilities outstanding and owing by, or available to, any member of the Group (referred to in this clause as "facilities")

- (A) there has been no contravention of or non-compliance with any provision of any of those documents;

- (B) no steps for the early repayment of any indebtedness have been taken or threatened;
- (C) there have not been nor are there any circumstances whereby the continuation of any of the facilities might be prejudiced, or which might give rise to any alteration in the terms and conditions of any of the facilities;
- (D) none of the facilities is dependent on the guarantee or indemnity or any security provided by a third party other than a member of the Group; and
- (E) each of the Vendor and the Warrantors has no knowledge or information that, as a result of the transactions contemplated in this Agreement, any of the facilities might be terminated or mature prior to its stated maturity.

(22) Working capital

Having regard to existing bank and other facilities, each member of the Group has sufficient working capital for the purposes of continuing to carry on its business in its present form and at its present level of turnover until the Completion Date and for the purpose of executing, carrying out and fulfilling, in accordance with their terms, all orders, projects and contractual obligations which are binding upon it and remain outstanding.

#### **INSOLVENCY**

- (23) (A) No receiver has been appointed of the whole or any part of the assets or undertaking of any member of the Group.
- (B) No petition has been presented, no order has been made and no resolution has been passed for the winding-up or dissolution of any member of the Group.
- (C) None of the members of the Group has stopped payment nor is insolvent or unable to pay its debts within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or similar laws and regulations in other jurisdiction in which such member of the Group is incorporated .
- (D) No unsatisfied judgment is outstanding against any member of the Group.

#### **POWERS OF ATTORNEY**

- (24) No member of the Group has given any powers of attorney or any other authority (express, implied or ostensible) which is still outstanding or effective to any person to enter into any contract or commitment or do anything on its behalf (other than any authority of directors or employees to enter into banking and/or trading contracts and/or security documents in the normal course of their duties).

## OTHER MATERIAL CONTRACTS

- (25) None of the members of the Group is a party to and has any liability (present or future) under any long-term, unusual, non-routine, onerous or material contract or commitment involving obligations or expenditure of an unusual or exceptional nature or magnitude or any contract which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort.
- (26) None of the Vendor and the Warrantors and any member of the Group has any knowledge of any invalidity or grounds for rescission, avoidance or repudiation of any agreement of material importance to which any member of the Group is a party and no member of the Group has received notice of any intention to terminate any such agreement.
- (27) None of the members of the Group has outstanding any other material indebtedness.
- (28) Each member of the Group has not received any notice to repay under any agreement relating to indebtedness which is repayable on demand; and there has not occurred any event of default under any agreement relating to any indebtedness (or any event which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute such an event of default).
- (29) Each member of the Group is not in default in any material respect under any material agreement to which it is a party or by which it is bound. So far as the Vendor and the Warrantors are aware (i) no party with whom any member of the Group has entered into any material agreement or arrangement is in default in any material respect thereunder, and (ii) there are no circumstances likely to give rise to such a default.
- (30) Each member of the Group is not under any obligation, or is a party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort.
- (31) Each member of the Group is not a party to nor does it have any liability (present or future) under any loan agreement, debenture, guarantee, indemnity or letter of credit or leasing, hiring, hire purchase, credit sale or conditional sale agreement nor has it entered into any contract or commitment involving, or likely to involve, obligations or expenditure of an unusual or exceptional nature or magnitude.

## THE PROPERTIES

- (32) Short particulars of the Properties are correctly set out in the property valuation report to be issued by Asset Appraisal Limited and in the Prospectus, and the Properties comprise all the land and premises owned, leased or occupied by the Group at the date hereof. The tenure and particulars of the Properties therein mentioned are true and accurate in all respects.
- (33) All covenants, stipulations, obligations, conditions, restrictions or other terms imposed upon the relevant members of the Group under the tenancies (the “**Tenancies**”) or otherwise affecting the Properties have been duly and promptly observed and performed and complied with and there has been no breach by the

Group's landlords of such covenants, obligations, conditions or restrictions or other obligations to which any such landlords are bound and there are no circumstances which would entitle or require any person to restrict or terminate the continued possession or occupation of any of the Properties.

- (34) All rentals and other charges payable under the Tenancies have been promptly paid as and when due.
- (35) The parties to the Tenancies have observed and performed all the terms and conditions therein and so far as the Vendor and the Warrantors are aware, after making all reasonable enquires, there are no disputes or outstanding or expected claims in these agreements and there are no circumstances giving rise to such disputes or claims.
- (36) No member of the Group has entered into any assignments of rental or other monies payable under any licences, leases or tenancies in respect of the Properties.
- (37) There is no outstanding and unobserved and unperformed obligation necessary to comply with by the Group under the Tenancies or any notice or other requirement given by the licensors under Tenancies or by any competent authority exercising statutory or delegated powers.
- (38) There is no dispute with any governmental or local authority or with the owner or occupier of any adjoining or neighbouring property to the Properties or howsoever otherwise.
- (39) In relation to each Tenancy:
  - (A) there are so far as the Company is aware:
    - (i) no disputes or outstanding or expected notices given by a landlord affecting the Property;
    - (ii) no right for a landlord or licensor to terminate the Tenancy;
    - (iii) no circumstances which would entitle a landlord or licensor to exercise any power of entry upon or to take possession of the Property or which would otherwise restrict or terminate the continued possession or occupation thereof; and
  - (B) there is nothing outstanding which would enable any person or entity to exercise any right of re-entry or take possession of the Property or any part thereof.

## **INTELLECTUAL PROPERTY**

- (40) All intellectual property rights currently being used by or in the business of any member of the Group:
  - (A) are owned by the Company or the members of the Group as the sole legal and beneficial owner, free of any licence or encumbrance in favour of a third party (the "Company IP"); or

(B) are used by the Company or the members of the Group in accordance with the terms of a current licence in writing from the owner of that intellectual property rights, copies of which have been provided to the Purchaser (the “**Licensed IP**”).

No members of the Group need to use nor has any of the members of the Group used any intellectual property right in a manner that infringes the intellectual property rights of any third party.

(41) Since the incorporation of the Company and any member of the Group, no third party has:

(A) infringed or misused any Company IP, or threatened to do so; or

(B) made, threatened or bought any notice, challenge, demand, claim or proceedings in relation to the Company IP or the Company’s use of the Licensed IP and there are no facts or matters which might give rise to any such challenge, claim or proceedings.

(42) No member of the Group carry on business under any name other than its own.

(43) No member of the Group have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means (including any electronic, mechanical or photographic process whether computerised or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of the Company or the relevant Subsidiary.

(44) So far as the Vendor and the Warrantors are aware after making all due and careful investigation, searches and enquires, the business as now carried on by any members of the Group do not, and are not likely to, infringe any intellectual or industrial property right of any other person (or would not do so if the same were valid) and no claims have been made and no applications are pending of which the Vendor and the Warrantors are aware which if pursued or granted may materially and adversely affect the Company or its business.

## **REORGANISATION**

(45) Each party to the documents in relation to the Reorganisation (including the various resolutions, minutes, agreements and other documents (including but not limited to this Agreement)) has the power and authority to execute, deliver and perform the documents in relation to the Reorganisation and the performance and compliance with their terms by such party does and will not:

(A) contravene any applicable laws, regulation, rule, order, judgment, writ, injunction or decree of any court or governmental authority as now in force or any of the member of the Group’s articles of association or analogous constitutive documents;

(B) contravene any loan agreement, credit facility, lease or any other agreement to

which any member of the Group is a party or by which its properties or assets may be bound or affected;

- (C) relieve any person from any obligation to any member of the Group and entitle any person to determine any such obligation or any right or benefit enjoyed by it, or to exercise any of its right, whether under an agreement or otherwise;
- (D) result in the creation, imposition, crystallisation or enforcement of any charge, security interest or encumbrance whatsoever on any of the properties or assets of any Group Company;
- (E) result in any of the existing credit facilities being terminated or any present or future indebtedness of any member of the Group becoming due and payable or capable of being declared due and payable prior to its stated maturity;
- (F) result in any profit or other amount being deemed to accrue to any member of the Group for taxation purposes in any relevant jurisdictions; or
- (G) result in:
  - (i) any supplier or subcontractor of any member of the Group ceasing or being entitled to cease suppliers or substantially reducing its supplies to such member of the Group;
  - (ii) any customer of any member of the Group ceasing or being entitled to cease to deal with any member of the Group or substantially reducing its existing level of business with any member of the Group;
  - (iii) any member of the Group losing the benefit of any right or privilege which it enjoys (in particular, preferential tax treatment relating to (a) profit tax, and (b) import tax (if any) on purchase of materials or machinery from outside the country of its incorporation, currently enjoyed by any of them); or
  - (iv) to the best knowledge of the Vendor and the Warrantors, any director or senior officer or employee of any member of the Group leaving the employment of the relevant member of the Group solely because of the Reorganisation.

#### MISCELLANEOUS

- (46) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any breach or cancellation or termination of any of the terms or conditions of or constitute a default under any agreement, commitment or other instrument to which any member of the Group is a party or by which any member of the Group or its assets may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body affecting any member of the Group.
- (47) The Vendor and the Warrantors have all the requisite power and capacity to enter into and perform its obligations under this Agreement.



- (48) This Agreement and all documents and instruments executed pursuant hereto are, and when delivered will be, valid and legally binding obligations of the Vendor and the Warrantors.
- (49) The execution and performance of this Agreement by the Vendor and the Warrantors shall not violate any provision of law and will not conflict with or result in any breach of any decree, judgment or order applicable to any of them.
- (50) All representations and warranties contained in Clause 5 and this Schedule shall be deemed to be repeated immediately before Completion and to relate to the facts then existing.
- (51) The Sale Share constitutes the entire issued share capital of the Company and is in issue fully paid.
- (52) The acquisition of the Sale Share by the Purchaser and compliance with the terms of this Agreement will not:
- (A) result in any present or future indebtedness of any member of the Group becoming due or capable of being declared due and payable prior to its stated maturity;
  - (B) result in a breach of, or constitute a default under any order, judgment or decree of any court or government agency by which any member of the Group is bound or subject; and
  - (C) result in a breach of, or constitute a default under the terms, conditions or provisions of any agreement, understanding, arrangement or instrument (including, but not limited to, any member of the Group's contracts).
- (53) So far as the Vendor and the Warrantors are aware:
- (A) the acquisition of the Sale Share and compliance with terms of this Agreement will not cause any member of the Group to lose the benefit of any licence, consent, permit, approval or authorisation (public or private) or any right or privilege it presently enjoys or relieve any person of any obligation to any member of the Group (whether contractual or otherwise) or enable any person to determine any such obligation or any contractual right or benefit now enjoyed by any member of the Group or to exercise any right whether under an agreement with any member of the Group or otherwise; and
  - (B) the acquisition of the Sale Share and compliance with the terms of this Agreement will not adversely affect the Group's relationships with its clients, customers, suppliers and employees and the Vendor and the Warrantors are not aware of any circumstances indicating that, nor have they been informed or are otherwise aware that, any person who now has business dealings with any member of the Group would or might cease to do so from and after Completion.

## SCHEDULE 4

### LIMITATION OF LIABILITY OF THE VENDORS AND THE WARRANTORS

(1) Exclusion of small claims

1.1 None of the Vendor and the Warrantors shall be liable in respect of any Warranty Claim unless the amount finally adjudicated or agreed in aggregate as being payable in respect of such claim exceeds HK\$100,000.

1.2 Where the amount of any Warranty Claim finally adjudicated or agreed to be payable by the Vendor and the Warrantors exceeds the amount specified in paragraph 1.1, the Vendor and the Warrantors shall be liable for the full amount of the claim.

(2) Liabilities of the Vendor and the Warrantors

The liabilities of the Vendor and the Warrantors to the Purchaser under this Agreement shall be joint and several.

(3) Combined Effects Limitation

None of the Vendor and the Warrantors shall be liable for any Warranty Claim which would not have arisen but for an Event occurring after Completion or done, suffered or occurred prior to Completion at the direction or with the express consent of the Purchaser.

(4) Provisions in Accounts

4.1 The amount of any Warranty Claim shall be reduced by the amount (if any) by which:

(A) any liability of the Group included in the Accounts has been discharged or satisfied at below the amount attributed thereto or included in respect thereof in the Accounts; and/or

(B) any contingency or other matter provided against in the Accounts had in the event been over-provided for.

4.2 No Warranty Claim shall be brought in respect of any breach or alleged breach of any Warranty if and to the extent that provision is made for the circumstances giving rise thereto in the Accounts.

(5) Duty to notify the Vendor and the Warrantors of potential claims

In the event that the Warrantors cease to be involved in the management of the Company, the Purchaser shall and shall procure that the Company shall as soon as is practicable inform such Vendor and/or Warrantor in writing of any Event which comes to its notice or to the notice of the Company whereby it appears that any of the Vendor and Warrantors is or may become liable to make any payment under any Warranty and shall not settle or compromise any such claim without the prior

written consent of all the Vendor and the Warrantors, such consent not to be unreasonably withheld or delayed, but failure to notify will not render the Vendor and the Warrantors liable less.

(6) Warranty only actionable by the Purchaser

The Warranties shall be actionable only by the Purchaser, its assigns or successor in title and no other person shall be entitled to make any direct claim or take any direct action whatsoever against any of the Vendor and the Warrantors under, arising out of, or in connection with any of the Warranties.

(7) the Vendor and the Warrantors not to be liable in certain circumstances

None of the Vendor and the Warrantors shall be liable under the Warranties to the extent that any depletion, diminution or reduction in the value or amount of any of the assets of the Group occurs as a result of or is otherwise attributable to:

- (A) any legislation not in force at the date of this Agreement or any change of law or administrative practice which takes effect retroactively or occurs as a result of any increase in the rates of Taxation in force at the date of this Agreement;
- (B) any voluntary act of any member of the Group after the date of this Agreement at the direction of the Purchaser; or
- (C) the Purchaser or any member of the Group disclaiming any part of the benefit of any capital or other allowance or relief against Taxation claimed or proposed to be claimed on or before the date of this Agreement.

(8) the Vendor's and the Warrantors' right to take over Warranty-related litigation

At the request in writing of the Vendor and the Warrantors or any of them and on they or the relevant one(s) of them providing indemnities reasonably satisfactory to the Purchaser or, as the case may be, the member of the Group concerned, in respect of all losses (including additional Taxation), penalties, fines, interest, damages, costs and expenses which may thereby be incurred, the Purchaser shall procure that the member of the Group concerned shall take such action as the Vendor and the Warrantors or the relevant one(s) of them may reasonably require by notice to the Purchaser (provided that the Vendor and the Warrantors shall make such request within reasonable time of the occurrence of the claim) and allow them or the relevant one(s) of them to take such steps to avoid, dispute, resist, compromise or defend any claim or liability for which they or the relevant one(s) of them may be or become directly or indirectly liable or responsible and render or cause to be rendered to the Vendor and the Warrantors or the relevant one(s) of them all such assistance as they may reasonably require in connection with the foregoing PROVIDED THAT the relevant Vendor and the Warrantors shall keep the Group fully informed as to any action taken or proposed to be taken in connection with the conduct of all proceedings of whatever nature arising in connection with such dispute and all other relevant matters.

(9) Right to repayment of amount recovered

The Purchaser shall reimburse to each of the Vendor and the Warrantors an amount equal to any sum paid by it under any of the Warranties which is subsequently recovered by or paid to the Purchaser or a member of the Group by any third party provided that all costs and expenses incurred by the Purchaser in connection with the relevant claim and recovery of such sum shall be borne by the Vendor and the Warrantors solely.

(10) Disclosure in the Prospectus

On and after the Listing, none of the Vendor and the Warrantors shall be liable for any Warranty Claim the subject matter of which has been disclosed in the Prospectus in a fair and accurate manner.

(11) No double claims under Warranties and Indemnity

No liability shall attach to any of the Vendor and the Warrantors by reason of a breach of any of the Warranties to the extent that the loss occasioned to the Purchaser also gives rise to an equivalent claim under the Indemnity and any or all of the Vendor and the Warrantors have settled such equivalent claim and no liability shall attach to any of them by reason of a claim under the Indemnity to the extent that an equivalent claim has been made under the Warranties and any or all of the Vendor and the Warrantors have settled such equivalent claim.

## SCHEDULE 5

### DETAILS OF SUBSIDIARIES

#### FRASER CONSTRUCTION COMPANY LIMITED (科正建築有限公司)

Incorporation date	:	5 October 1995						
Company number	:	527271						
Place of incorporation	:	Hong Kong						
Registered office	:	Room 1122, 11/F., Pacific Link Tower (South Mark), 11 Yip Hing Street, Wong Chuk Hang, Hong Kong						
Issued shares	:	180,000 shares						
Directors	:	Yu Shek Man Ringo Wong So Wah						
Shareholder	:	<table><thead><tr><th><u>Name</u></th><th><u>Number of shares held</u></th><th><u>Percentage of shareholding</u> %</th></tr></thead><tbody><tr><td>Strong Move Global Limited (堅 進環球有限公司)</td><td>180,000 (Ordinary)</td><td>100</td></tr></tbody></table>	<u>Name</u>	<u>Number of shares held</u>	<u>Percentage of shareholding</u> %	Strong Move Global Limited (堅 進環球有限公司)	180,000 (Ordinary)	100
<u>Name</u>	<u>Number of shares held</u>	<u>Percentage of shareholding</u> %						
Strong Move Global Limited (堅 進環球有限公司)	180,000 (Ordinary)	100						
Scope of business	:	Undertaking slope works, foundation works and other general building works						

**TUBO TECHNOLOGY CONSTRUCTION COMPANY LIMITED**  
(天保建設有限公司)

Incorporation date : 31 December 2003

Company number : 877225

Place of incorporation : Hong Kong

Registered office : Room 1122, 11/F., Pacific Link Tower (South Mark),  
11 Yip Hing Street, Wong Chuk Hang, Hong Kong

Issued shares : 1,000 shares

Directors : Yu Shek Man Ringo  
Wong So Wah

Shareholder :

<u>Name</u>	<u>Number of shares held</u>	<u>Percentage of shareholding</u> %
Magic City Developments Limited	1,000 (Ordinary)	100

Scope of business : Provision of consultancy services in relation to the  
management of projects involving slope works,  
foundation works and/or other general building works

## SCHEDULE 6

### PROCESS AGENTS

*Parties*

*Process Agents*

The Vendor

Mr. Yu Shek Man Ringo  
Room 1122, 11/F., Pacific Link Tower (South  
Mark), 11 Yip Hing Street, Wong Chuk Hang,  
Hong Kong

The Company

Mr. Yu Shek Man Ringo  
Room 1122, 11/F., Pacific Link Tower (South  
Mark), 11 Yip Hing Street, Wong Chuk Hang,  
Hong Kong