

THIS AGREEMENT is made this 1st day of September 2017

BETWEEN:

- (1) **SUNFORD ENTERPRISES LIMITED**, a company incorporated under the laws of the British Virgin Islands whose registered office is situate at Pasea Estate, Road Town, Tortola. British Virgin Islands (BVI International Business Company Registration No.:400781) (the “**Vendor**”); and
- (2) **GIANT EXPRESS INVESTMENT LIMITED (鉅遠投資有限公司)**, a company incorporated under the laws of Hong Kong whose registered office is situate at Room 2014, 20/F, Tower 1, Tak Fung Industrial Centre, Texaco Road, Tsuen Wan, New Territories, Hong Kong (Hong Kong Company Registration No.:2509997) (the “**Purchaser**”).

WHEREAS:

- (A) The Vendor is the sole registered and beneficial owner of the Sale Share (hereinafter defined), representing the entire issued share capital of the Company (hereinafter defined). The Vendor is also an indirect wholly-owned subsidiary of Cosmos Machinery.
- (B) The Company is a limited company incorporated in the Cook Islands and is validly existing and in good standing. Particulars of the Company are set out in Schedule 1 hereto. The Company:
 - (i) operates the Resident Representative Office (hereinafter defined), which is principally engaged in holding and managing the Property (hereinafter defined); and
 - (ii) is the sole legal and beneficial owner of Dongguan MS Plastic (hereinafter defined), which as at the date of this Agreement is in the process of being wound up voluntarily pursuant to the laws and regulations of the PRC.
- (C) The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share, pursuant to the terms and conditions hereof.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

- 1.1 In this Agreement, unless the context otherwise requires, the words and expressions specified below shall have the meanings attributed to them below.

“Affiliate” to a person, means any other person that directly, or indirectly through one or more intermediaries, controls,

or is controlled by, or is under common control with, such person and for this purpose “control” (including the terms controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person, whether through the ownership of securities, by contract or agency or otherwise;

- “Agreement” means this Agreement as originally signed as it may from time to time be supplemented and/or amended with the written agreement of the parties hereto;
- “Bulletin 7” means 国家税务总局公告2015年第7号《关于非居民企业间接转让财产企业所得税若干问题》 and 国税函[2009]698号《关于加强非居民企业股权转让所得企业所得税管理的通知》 issued by the State Administration of Taxation of the PRC, as supplemented, varied and amended from time to time, together with any official interpretations published by the PRC Government Authorities in relation thereto;
- “Business Day” means a day on which banks in Hong Kong are open for business (except a Saturday, Sunday and “public holiday” as defined under Interpretation and General Clauses Ordinance (Chapter 1 of the laws of Hong Kong) or a day on which a typhoon signal No. 8 or above or black rainstorm warning is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.);
- “BVI” means the British Virgin Islands;
- “Change of Legal Representative” means the change of the legal representative of the Resident Representative Office from 鄧愚 to a person to be designated by the Purchaser in accordance with the applicable laws and regulations of the PRC;
- “Change of Title” means the change of the title to the Property from the Resident Representative Office to the Purchaser or its designated entity in accordance with the applicable laws and regulations of the PRC;
- “Claim” means, whether or not it is judicial in nature, any assessment, notice, demand, order or other document issued or action taken from which it appears that any person (including corporate) is liable or is sought to be made liable for any payment or obligation or to be

	deprived of any rights which would, but for the Claim, have been available;
“Company”	means MS Plasticorp, a company incorporated in the Cooks Islands with limited liability and is an indirectly wholly-owned subsidiary of the Cosmos Machinery;
“Completion”	means completion of the sale and purchase of the Sale Share hereunder pursuant to Clause 6 and Schedule 4 of this Agreement;
“Completion Date”	means 31 December 2017 or such other date and time as the Vendor and the Purchaser may agree in writing;
“Consideration”	means the total sum of RMB82,000,000 payable by the Purchaser to the Vendor pursuant to the terms and conditions hereof;
“Cosmos Machinery”	means Cosmos Machinery Enterprises Limited (大同機械企業有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 118);
“Disclosed”	means information disclosed in (i) this Agreement; (ii) in the public records of the Company and/or the Property made available for searches by the public at the Government Authorities in Hong Kong, the PRC, Cook Islands and the BVI; and (iii) the documents provided by the Vendor or Vendor Solicitors or the Vendor’s other representatives and/or advisors to the Purchaser or the Purchaser's other representatives and/or advisors before Completion;
“Dongguan MS Plastic”	means Dongguan MS Plastic Products Co. Limited (東莞明新塑膠製品有限公司), a wholly foreign-owned enterprise established in the PRC and as at the date of this Agreement is in the process of being wound up voluntarily pursuant to the laws and regulations of the PRC;
“Government Authorities”	means any national, provincial, municipal or local government, administrative or regulatory body or department, court or judicial bodies, tribunal, arbitrator or any body that exercises the function of a regulator, including but not limited to those in Hong Kong, the PRC, the BVI and the Cook Islands;

“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	means the People’s Republic of China, which for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Property”	means the property legally and beneficially owned by the Resident Representative Office, particulars of which are set out in Schedule 4 hereto;
“Resident Representative Office”	means Dongguan Resident Representative Office of the Company (群力實業有限公司東莞代表處), the resident representative office of the Company in Dongguan City of the PRC, particulars of which are set out in Schedule 2 hereto;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale Share”	means one (1) issued and fully paid-up ordinary share of the Company held by the Vendor, representing the entire issued share capital of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Tax”	means and includes all forms of tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority in any part of the world and includes any interest, additional tax, penalty or other charge payable or claimed in respect thereof; and
“Vendor Solicitors”	means Messrs. F. Zimmern & Co. of Rooms 1002-1003, 10th Floor, York House, The Landmark, 15 Queen’s Road Central, Hong Kong, solicitors for the Vendor.

1.2 The headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, words denoting the singular number only shall include the plural and vice versa; references to the masculine gender shall include the feminine gender and neuter gender and words denoting persons shall include any body of persons corporate or unincorporated.

- 1.3 Where any statement is to the effect that the Vendor is not aware of any matter or circumstance or is a statement qualified by the expression “so far as the Vendor is aware” or any similar expression, that statement shall refer to the state of the actual knowledge of the Vendor and of no other persons and neither the Vendor shall not be obliged to enquire of any other persons.
- 1.4 References herein to Clauses and Schedules are to clauses in and schedules to this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.5 All representations, warranties, undertakings, indemnities, covenants, agreements and obligations given or entered into by more than one person are given or entered into jointly and severally.

2. SALE AND PURCHASE

- 2.1 Upon and subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Sale Share free from all claims, charges, liens, encumbrances and options of any kind whatsoever but together with all rights attached, accrued or accruing thereto and together with all dividends and distributions declared made or paid or agreed to be made or paid thereon or in respect thereof on or after the date hereof.

3. CONSIDERATION

- 3.1 The Consideration shall be payable by the Purchaser to the Vendor in the following manner:
- (a) RMB6,700,000 as initial deposit to be paid in cash to the Vendor upon signing of this Agreement;
 - (b) RMB40,200,000 as part payment (the “**Part Payment**”) to be paid in cash to the Vendor and/or such person(s) as the Vendor Solicitors may direct in writing on or before 31 October 2017 or at such other date and time as the Vendor and Purchaser may agree in writing; and
 - (b) the remaining balance of the Consideration of RMB35,100,000 to be paid in cash to the Vendor and/or such person(s) as the Vendor Solicitors may direct in writing on or before the Completion Date or at such other date and time as the Vendor and Purchaser may agree in writing.

4. CONDITION PRECEDENT

- 4.1 The Completion is conditional upon the satisfaction of the passing by the shareholders of Cosmos Machinery at the extraordinary general meeting of an ordinary resolution

approving the terms of this Agreement and the transactions contemplated hereunder in accordance with the requirements under the Listing Rules.

- 4.2 If the condition precedent as set out in Clause 4.1 has not been satisfied within 60 days after the date of this Agreement (or any other date as may be mutually agreed by the parties hereto), the Vendor and the Purchaser shall terminate this Agreement in accordance with Clause 9.2.

5. PRE-COMPLETION OBLIGATIONS

- 5.1 Upon payment of the Part Payment by the Purchaser to the Vendor and receipt of written request from the Purchaser, the Vendor agrees to provide reasonable and lawful assistance to the Purchaser in respect of the Change of Legal Representative, provided that the Purchaser shall fully indemnify and keep the Vendor fully indemnified against all costs and expenses thereby incurred.
- 5.2 Upon payment of the Part Payment by the Purchaser to the Vendor and upon receipt of written request from the Purchaser, the Vendor agrees to provide reasonable and lawful assistance to the Purchaser in respect of the Change of Title, provided that the Purchaser shall fully indemnify and keep the Vendor fully indemnified against all costs and expenses thereby incurred.

6. COMPLETION

Subject to Clause 4, Completion shall take place at the Vendor Solicitors' office on the Completion Date at 2:00 p.m. or at such other place or time as the parties hereto shall agree and each party hereto shall perform its respective obligations set out in Schedule 4.

7. VENDOR'S OBLIGATIONS

- 7.1 The Vendor hereby irrevocably agrees, acknowledges and confirms that Dongguan MS Plastic is at the date hereof in the process of being wound up voluntarily pursuant to the laws and regulations of the PRC, and that the Vendor shall, for a period of one (1) year from the date of this Agreement to:
- (a) assist the Company (if required) to continue the process for winding up of Dongguan MS Plastic voluntarily pursuant to the laws and regulations of the PRC; and
 - (b) take up all contingent liabilities and/or tax liabilities of Dongguan MS Plastic that may arise during the winding up process.
- 7.2 Subject to Clause 7.1 above, the Vendor shall indemnify the Purchaser and to keep the Purchaser indemnified of all the contingent liabilities and/or tax liabilities that arise

during the winding-up process for a period of one (1) year from the date of this Agreement.

- 7.3 In consideration of the Vendor agreeing to take up all the contingent liabilities and/or tax liabilities that arise during the winding-up process for a period of one (1) year from the date of this Agreement, the Purchaser hereby irrevocably agree to, and shall procure the Company to, assign and/or transfer all the gains of Dongguan MS Plastic realized or calculated during the winding up process to the Vendor or its designated entities within 90 days after the completion of the winding-up.

8. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 8.1 The Vendor warrants to the Purchaser that the warranties set out in Part A of Schedule 4 are true and accurate at the date of this Agreement and at Completion in all material respects by reference to the circumstances then existing. The Vendor's warranties are given to the Purchaser only but not its successors in title and are subject to the limitations set out in Part B of Schedule 4.
- 8.2 The Purchaser warrants to the Vendor that the warranties set out in Schedule 5 are true and accurate at the date of this Agreement and at Completion in all material respects by reference to the circumstances then existing.
- 8.3 Save and except otherwise expressly provided herein, the warranties given by each of the Vendor and the Purchaser shall survive Completion.
- 8.4 The Purchaser declares that it relies on its own independent appraisal of the value of the Sale Share, the Property and the financial condition of the Company. All representations, warranties and undertakings in respect of the Sales Share, the Property and the Company save as otherwise expressly provided for herein are hereby excluded.
- 8.5 Subject to Clause 7, the Vendor shall not be responsible for any Tax liability to be accrued to the Property and/or by the Company after the Completion Date including but not limited to the profits tax arising from any sale or disposal of the Property (or any part thereof) after Completion or from any voluntary act on the part of the Company after Completion.

9. DAMAGES AND EXPENSE

- 9.1 Should the Purchaser fail to complete the purchase of the Sale Share in accordance with the terms of this Agreement, all the sums paid by the Purchaser to the Vendor under this Agreement shall be forfeited to the Vendor and the Vendor may forthwith terminate this Agreement by giving a written notice of termination to the Purchaser and the Vendor shall then be entitled at its absolute discretion to dispose of or otherwise deal with the Sale Share and the Vendor shall not be entitled to take any further action to claim against the Purchaser for damages or for specific performance or other relief of whatever nature in relation thereto under this Agreement or otherwise at law.

9.2 Should the Vendor fail to fulfil the condition precedent as set out in Clause 4.1, or the Vendor fail to complete the sale of the Sale Share in accordance with the terms of this Agreement (except as a result of default by the Purchaser), the Vendor shall or shall procure the Vendor Solicitors to return all the sums paid by the Purchaser under this Agreement without interest to the Purchaser and the Purchaser shall not be entitled to take any further action to claim against the Vendor for damages or for specific performance or other relief of whatever nature in relation thereto under this Agreement or otherwise at law.

9.3 Subject to the foregoing, all stamp duty for the transfer of the Sale Share and tax payable under Bulletin 7 for the transaction contemplated hereunder shall be solely borne by the Purchaser and each party to this Agreement shall bear its own legal cost relating thereto.

10. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior understandings, transactions, communications, statements and agreements whether oral or written between the parties relating to the subject matter hereof.

11. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon each party's successors and assigns and any reference herein to any party shall, where the context so admits or requires, include that party's successors or assigns.

12. TIME OF ESSENCE

Any date or period mentioned in any Clause may be extended by mutual written agreement between the parties hereto, but, as regards any date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence of this Agreement.

13. NO WAIVER

No failure or delay by a party to exercise any right under this Agreement or otherwise will operate as a waiver of that right or any other right nor will any single or partial exercise of any such right preclude any other or further exercise of that right or the exercise of any other right.

14. SEVERANCE

If any provision of this Agreement is not or ceases to be legal, valid, binding and enforceable under the law of any jurisdiction, neither the legality, validity, binding effect or enforceability of the remaining provisions under that law nor the legality, validity, binding effect or enforceability of that provision under the law of any other jurisdiction will be affected.

15. GOVERNING LAW AND JURISDICTION

15.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of Hong Kong.

15.2 Each party hereto irrevocably agrees that the courts of Hong Kong shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes which may arise out of or in connection with this Agreement and for such purposes each party hereto irrevocably submits to the non-exclusive jurisdiction of such courts.

16. CONFIDENTIALITY

The parties hereto undertake, save as required by law or the relevant listing rule (if applicable), not to disclose to any third party (other than its professional advisers on a confidential basis) this Agreement or any information about the transaction contemplated by this Agreement and neither party shall submit or attempt to submit this Agreement to the Land Registry for registration.

17. COUNTERPARTS

This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be the original, but all the counterparts shall together constitute one and the same agreement.

18. THIRD PARTY RIGHTS

Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Agreement. Notwithstanding any term of this Agreement, the consent of any person who is not a party to this Agreement is not required to rescind or vary this Agreement at any time.

19. INDEPENDENT LEGAL ADVICE

The Purchaser hereby expressly acknowledges that (i) F. Zimmern & Co. is acting for the Vendor only in this Agreement and the transaction contemplated hereby and (ii) the Purchaser has been informed and advised to consult its own solicitors and obtain separate and independent legal advice before signing this Agreement.

SCHEDULE 1

THE COMPANY

1. Date of Incorporation: 27 April 1994
2. Place of Incorporation: Cook Islands
3. Company Number: 2865/94
4. Company Name: MS PLASTICORP
5. Issued Share Capital: One (1) share of US\$1.00
6. Directors: TANG, To
TANG Yu, Freeman
7. Secretary: Secorp Limited
8. Registered Office: 3/F., BCI House, Avarua, Rarotonga, Cook
Islands
9. Shareholder: Sunford Enterprises Limited

SCHEDULE 2

THE RESIDENT REPRESENTATIVE OFFICE

1. Date of Registration: 5 December 2000
2. Place of Registration: Dongguan, the PRC
3. Credibility Code: 914419007259825740
4. Company Name: Dongguan Resident Representative Office of MS PLASTICORP (科克群岛群力实业有限公司东莞代表处)
5. Legal Representative: 鄧愚
6. Registered Office: 中国东莞市沙田镇福录沙村洲仔68号208室

SCHEDULE 3
THE PROPERTY

座落于中华人民共和国东城区周屋村银珠岭塘古坑地段的工业用地（国有土地使用证编号：东府国用2002字第特271号）。使用权面积为25,001.98平方米，图号552.50-381.00，东至厂房，徐福记食品有限公司，南至东莞徐福记食品有限公司，西至银珠路，北至旭冠皮具有限公司。当中包括：

1. 建筑面积为11,005.42平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366580号）；
2. 建筑面积为3,580.00平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366584号）；
3. 建筑面积为1,625.00平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366581号）；
4. 建筑面积为2,830.00平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366583号）；
5. 建筑面积为1,103.44平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366579号）；
6. 建筑面积为306.24平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366586号）；
7. 建筑面积为264.00平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366582号）；及
8. 建筑面积为6,665.47平方米之钢筋混凝土建筑物（房地产权证：粤房地证字第C1366585号）。

Copies of the abovementioned certificates, namely, 国有土地使用证（编号：东府国用2002字第特271号） and 房地产权证（编号：粤房地证字第C1366580号、粤房地证字第C1366584号、粤房地证字第C1366581号、粤房地证字第C1366583号、粤房地证字第C1366579号、粤房地证字第C1366586号、粤房地证字第C1366582号及粤房地证字第C1366585号） will be attached to this Agreement as **Annexure A** for identification purpose.

SCHEDULE 4

COMPLETION REQUIREMENTS RELATING TO THE TRANSACTION

PART A

1. Obligations of the Vendor at Completion

The Vendor shall:

- (a) execute the instrument of transfer of the Sale Share in the name of Purchaser or its nominee(s);
- (b) deliver to the Purchaser or its nominee(s) all the relevant corporate documents of the Company and the Resident Representative Office, including but not limited to the certificate of incorporation, common seal, chops, printed copies of the memorandum and articles of association and minutes of meetings and all statutory books and annual audited accounts made up to the date of this Agreement;
- (c) deliver to the Purchaser the share certificate of the Sale Share and all other unissued share certificates of the Company;
- (d) deliver to the Purchaser the notice of resignation of all the existing directors and secretary (if any) of the Company and arrange for the appointment of the new director(s) and secretary (if any) to be nominated by the Purchaser;
- (e) procure the revocation of all existing bank account(s) (if any) opened and maintained by the Company; and
- (f) procure the Company to convene a meeting of the board of directors for the purpose of transacting and approving the aforesaid business and matters.

2. Obligations of the Purchaser at Completion

The Purchaser shall deliver to the Vendor or the Vendor Solicitors:-

- (a) cash amount equal to the remaining balance of the Consideration;
- (b) the consent to act of each of the new directors and legal representative (if applicable) to be appointed to the Company; and
- (c) the certified true copy of the board resolutions or meeting minutes of the board of directors of the Purchaser approving the terms of this Agreement.

SCHEDULE 4

PART A

VENDOR'S WARRANTIES

The following warranties are given by the Vendor by its best knowledge and are subject to the documents and information as Disclosed and the limitations in Part B of this Schedule.

1. The Vendor is the sole beneficial owner of the Sale Share and there is no other shareholder.
2. The Sale Share is not subject to any mortgage, charges, liens, pledges or any security of liabilities.
3. The Vendor has the sole right to sell, transfer or otherwise dispose of the Sale Share without reference to any third party.
4. The Company shall not issue or allot any further shares or declare dividends or alter its capital assets on or before the Completion Date.
5. The Company has the sole legal and beneficial ownership of the Property, free from any encumbrances, through the Resident Representative Office.

SCHEDULE 4

PART B

LIMITATION OF LIABILITIES

Notwithstanding any other provisions contained in this Agreement:

1. **Time Limits.** The Vendor shall not be liable for any Claim unless the Vendor receives, prior to the date of Claim Date and as soon as the Purchaser becomes aware, from the Purchaser written notice containing full specific details of the Claim including the amount of and reasons for the Claim, together with supporting evidence for the Claim. For the purpose of this paragraph 1, the "**Claim Date**" means the date falling twelve (12) months from the Completion Date.
2. **Maximum limit for all Claims.** The aggregate amount of the liability of the Vendor for all Claims, if any, shall not exceed the Consideration.


SCHEDULE 5

PURCHASER'S WARRANTIES

1. The Purchaser has obtained all authorisations and all governmental, statutory, regulatory or other consents, licences and authorisations required to empower it to enter into and perform its obligations under this Agreement where failure to obtain them would adversely affect its ability to enter into and perform its obligations under this Agreement to which it is a party.
2. Entry into and performance by the Purchaser of this Agreement will not result in a breach of any laws or regulations or of any order, decree or judgment of any court or any governmental or regulatory authority or result in a breach of, or constitute a default under, any agreement or instrument to which it is bound, in each case where such breach or default would adversely affect its ability to enter into or perform its obligations under this Agreement.
3. The Purchaser is not insolvent, unable to pay its debts as they fall due or has proposed or is liable to any arrangement (whether by court process or otherwise) under which its creditors (or any group of them) would receive less than the amounts due to them. There are no proceedings in relation to any compromise or arrangement with creditors or any winding up or insolvency proceedings concerning the Purchaser and no events have occurred which would justify such proceedings. No steps have been taken to enforce any security over any assets of the Purchaser and no event has occurred to give the right to enforce such security.
4. So far as the Purchaser is aware, the Purchaser is not subject to any order, judgment, direction, investigation or other proceedings by any governmental authority which will, or are likely to, prevent or delay the performance of its obligations under this Agreement.
5. The Purchaser and its ultimate beneficial owners are a third party independent of the Company, Cosmos Machinery and its connected persons (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

IN WITNESS, this Agreement is executed by the parties hereto on the day and year first above written.

The Vendor

SIGNED by )
)
)
director(s) and person(s) duly authorized by)
the board of directors for and on behalf of)
SUNFORD ENTERPRISES LIMITED)
~~in the presence of:-~~)
whose signature is verified by)


Solicitor, Hong Kong SAR

Hung Hing Chi
F. Zimmern & Co.
Solicitor
Hong Kong SAR

42


The Purchaser

SIGNED by

director(s) and person(s) duly authorized by
the board of directors for and on behalf of
GIANT EXPRESS INVESTMENT LIMITED
(鉅遠投資有限公司)
in the presence of:-

)
)
) *For and on behalf of*
) **GIANT EXPRESS INVESTMENT LIMITED**
) **鉅遠投資有限公司**
) 
)
) *Authorized Signature(s)*
)

Witness

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