

Dated: 30 April 2018

Execution Version

SUBSCRIPTION AGREEMENT

between

COSMOS MACHINERY ENTERPRISES LIMITED
as Company

and

COSMOS MACHINERY (HOLDINGS) LIMITED
as First Subscriber

SANIWELL HOLDING INC.
as Second Subscriber

relating to

the subscription of the shares of the Company

Simmons & Simmons
西盟斯律師行

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THIS AGREEMENT is dated 30th day of April 2018 and made

BETWEEN:

- (1) **COSMOS MACHINERY ENTERPRISES LIMITED**, (the "Company"), a company incorporated under the laws of Hong Kong with limited liability whose registered office is situate at 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong;
- (2) **COSMOS MACHINERY (HOLDINGS) LIMITED**, (the "First Subscriber"), a company incorporated under the laws of Hong Kong with limited liability whose registered office is situate at Flat G, 7th Floor, New Lucky House, 300-306 Nathan Road, Kowloon, Hong Kong; and
- (3) **SANIWELL HOLDING INC.**, (the "Second Subscriber" and together with the First Subscriber, the "Subscribers" and each, a "Subscriber"), a company incorporated under the laws of Cook Islands whose registered office is situate at 3th Floor, BCI House, Avarua, Rarotonga, Cook Islands.

WHEREAS:

- (A) The Company is a company incorporated in Hong Kong with limited liability under the Companies Ordinance. The Company has an issued share capital of HK\$532,903,000 divided into 716,930,692 ordinary shares (the "Shares" and each a "Share"), all of which have been fully paid and all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited with stock code 118.
- (B) Immediately prior to the Subscription, the First Subscriber is the legal and beneficial owner of 127,052,600 Shares and is indirectly interested in 170,104,452 Shares through its Subsidiary, Tai Shing Agencies Limited. The First Subscriber's shareholding interest in the Company and its shareholding structure is set out in Appendix 1.
- (C) The Second Subscriber is owned as to approximately 57.14% by Mr. Tang To and approximately 42.86% by Mr. Tang Yu, Freeman. It is the trustee of The Saniwell Trust, the beneficiaries of which are Ms. Chung Man Fong, Ms. Hui Tang Yee and Mr. Tang To.
- (D) The Company has agreed to issue and the Subscribers have agreed to subscribe for the Subscription Shares on the terms and subject to the conditions set out in this Agreement.
- (E) Application will be made to the Stock Exchange on behalf of the Company for listing of and permission to deal in the Subscription Shares.

THIS AGREEMENT WITNESSES as follows:

1. **Interpretation**

- 1.1 In this Agreement (including the Recitals above), the following expressions shall, unless the context requires otherwise, have the following meanings:

"acting in concert" has the same meaning ascribed thereto under the Takeovers Code;

"Agreement" means this subscription agreement as amended or varied from time to time by an agreement in writing duly executed by the Parties;

"Annual Report" means the annual report of the Company for the year ended on 31 December 2017, released on 9 April 2018;

"Articles of Association" means the articles of association of the Company;

“associate(s)” has the meaning ascribed to it under the Listing Rules;

“Business Day” means any day (excluding a Saturday) on which banks generally are open for business in Hong Kong;

“CCASS” means the Central Clearing and Settlement System established and operated by HKSCC;

“Companies Ordinance” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“Completion” means completion of the obligations of the Parties under this Agreement pursuant to clause 4;

“Encumbrance” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having a similar effect;

“Executive” means the executive director of the Corporate Finance Division of the SFC or any delegate of the executive director

“Group” means the Company and its Subsidiaries from time to time;

“HK\$” means Hong Kong dollars, the lawful currency of Hong Kong;

“HKSCC” means Hong Kong Securities Clearing Company Limited;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Shareholders” means the shareholders of the Company other than (i) the Subscribers and their respective associates; (ii) any parties acting in concert with the Subscribers; and (iii) those who are involved or interested in the Subscription Agreement, the transactions contemplated thereunder and/or the Whitewash Waiver;

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Long Stop Date” means 31 August 2018;

“Parties” means the named parties to this Agreement and their respective successors and permitted assigns and the expression “Party” shall be construed accordingly;

“Previous Announcements” means the Annual Report and all other announcements and circulars issued by the Company to the Stock Exchange and/or the shareholders of the Company since 31 December 2017 up to the date of this Agreement;

“Regulation S” means Regulation S under the U.S. Securities;

“SFC” means the Securities and Futures Commission of Hong Kong;

“SFO” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“Shares” has the meaning set forth in Recital (A) above and “Share” shall be construed accordingly;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Subscription” means the subscription by the Subscribers for the Subscription Shares on the terms and subject to the conditions set out in this Agreement;

“Subscription Announcement” means the announcement in relation to, among other things, the Subscription which is proposed to be issued by the Company as soon as reasonably practicable immediately following the execution of this Agreement;

“Subscription Price” means the price per Subscription Share as set out in clause 2.3;

“Subscription Shares” means an aggregate of 145,000,000 new Shares to be subscribed by, and to be allotted and issued by the Company to, the Subscribers on the terms and subject to the conditions set out in this Agreement;

“Subsidiary” has the same meaning as in Rule 1.01 of the Listing Rules and “Subsidiaries” shall be construed accordingly;

“Takeovers Code” means the Code on Takeovers and Mergers issued by the SFC and as amended from time to time;

“U.S. Securities Act” means the U.S. Securities Act of 1933, as amended;

“Whitewash Waiver” means a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscribers to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Subscribers and any parties acting in concert with them under Rule 26 of the Takeovers Code; and

“%” means per cent.

- 1.2 Any reference, express or implied, to an enactment includes references to:
 - (A) that enactment as re-enacted, amended, extended or applied by or under any other enactment (before or after the signing of this Agreement);
 - (B) any enactment which that enactment re-enacts (with or without modification); and
 - (C) any subordinate legislation made (before or after this Agreement) under any enactment, as amended, extended or applied as described in paragraph (A) above or under any enactment referred to in paragraph (B) above.
- 1.3 In this Agreement:
 - (A) references to a person include a body corporate and an unincorporated association of persons;
 - (B) references to a natural person include his estate and personal representatives; and
 - (C) references to a party to this Agreement shall include references to the successors or assigns (immediate or otherwise) of that party.
- 1.4 The singular shall include the plural and vice versa and words denoting a person shall include a body corporate and an unincorporated association of persons and, unless otherwise stated, include that person’s successors or assigns.
- 1.5 Words importing a gender shall include other gender.
- 1.6 Clauses 1.1 to 1.5 above apply unless the contrary intention appears.
- 1.7 The headings in this Agreement do not affect its interpretation.

- 1.8 Any schedule or annex or appendix to this Agreement shall take effect as if set out in this Agreement and references to this Agreement shall include its schedules, annexes and appendices.

2. **Share Subscription**

2.1 **Subscription**

Each of the Subscribers agrees to subscribe as principal for, and the Company agrees to issue, the Subscription Shares as set out in the table below against the name of each of the Subscribers at the Subscription Price, free from all liens, charges, security interests, Encumbrances and adverse claims on the date of Completion on the terms and subject to the conditions set out in this Agreement:

Subscriber	No. of Shares	Total subscription monies (HK\$)
First Subscriber	108,750,000	59,812,500
Second Subscriber	36,250,000	19,937,500
Total	145,000,000	79,750,000

Immediately after the completion of the Subscription, the First Subscriber will directly hold 235,802,600 Shares and indirectly hold 170,104,452 Shares, and the Second Subscriber will directly hold 36,250,000 Shares, representing approximately 47.09% and 4.21% of the total issued Shares as enlarged by the Subscription Shares respectively, and together will be directly and indirectly interested in 442,157,052 Shares, representing 51.30% of the total issued Shares as enlarged by the Subscription Shares.

2.2 **Subscription Shares**

The Subscription Shares to be subscribed for and issued pursuant to clause 2.1 shall, when fully paid, rank *pari passu* in all respects with all the issued Shares at the date of this Agreement, including the right to rank in full for all distributions declared, made or paid by the Company at any time after the date of this Agreement.

2.3 **Subscription Price**

The Subscription Price of each Subscription Share shall be HK\$0.55. The total subscription money to be paid by each of the Subscribers to the Company for the Subscription Shares set out in clause 2.1 shall be the aggregate amount of the subscription price of the Subscription Shares to be subscribed for by each of the Subscribers.

3. **Conditions**

3.1 **Conditions**

Completion of the Subscription is conditional on:

- (A) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the Completion);

- (B) the passing of resolution(s) by the Independent Shareholders at the extraordinary general meeting of the Company to be held and convened to approve this Agreement, the transactions contemplated hereunder and the Whitewash Waiver;
- (C) the Executive granting or agreeing to grant the Whitewash Waiver in accordance with the requirements of the SFC and the Takeovers Code; and
- (D) the representations and warranties of each of the Subscribers as set out in clause 6.2 being true and accurate and not misleading at all times from the date of this Agreement up to and including the date of Completion.

3.2 Fulfilment and further assurances

The Company and each of the Subscribers shall each use its respective best endeavours to procure the fulfilment of the conditions set out in clause 3.1 above and in particular shall furnish such information, supply such documents, pay such fees and do all such acts and things as may reasonably be required by each other, the SFC and/or the Stock Exchange in connection with the fulfilment of such conditions and will inform the other Parties promptly following the fulfilment of the same.

3.3 Waiver

- (A) The Company may waive in writing the conditions set out in clause 3.1(D).
- (B) A waiver of a condition is effective only to the extent specifically set out in that waiver.

3.4 Non-fulfilment

In the event that the conditions set out in clause 3.1 above are not fulfilled or waived (as the case may be) by 5:00 p.m. on the Long Stop Date (or such later date as may be agreed by the Parties hereto), this Agreement and all rights and obligations hereunder shall cease and terminate and none of the Parties hereto shall have any claim against the other.

3.5 Listing approval

The Company undertakes to use its best endeavours to obtain the fulfilment of the condition set out in clause 3.1(A) as soon as reasonably practicable and will inform each of the Subscribers promptly following the fulfilment of such condition.

4. Completion

4.1 Date and place of Completion

Completion of the Subscription shall take place at 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong at 10:00 am (Hong Kong time) on the fifth Business Day after the date on which all the conditions set out in clause 3.1 above have been fulfilled or waived (as the case may be) (or such other location, time and/or date as the Subscribers and the Company may agree in writing), and in any event not later than the Long Stop Date (or such later date as may be agreed by the Parties hereto).

4.2 Obligations on Completion

At Completion and subject to the Company receiving the aggregate amount of the subscription monies due pursuant to clause 2.3:

- (A) Each of the Subscribers shall deliver to the Company an application for allotment of the Subscription Shares that it subscribes for in accordance with clause 2.1 and make or procure to make full payment (for value on the date of Completion) to the Company of the aggregate amount of the subscription monies due pursuant to clause 2.3, together with the aggregate amount of SFC transaction levy and Stock Exchange trading fee payable for subscribing such Subscription Shares, by electronic funds transfer, which shall constitute a complete discharge of the Subscribers' obligations in respect thereof;
- (B) The Company shall:
 - (1) forthwith duly allot and issue the Subscription Shares to each of the Subscribers (or as it may direct) in accordance with clause 2.1 and shall promptly thereafter register the Subscribers and/or their nominee(s) as member(s) in respect of such Subscription Shares; and
 - (2) either (1) cause to be delivered to each of the Subscribers (or otherwise as the Subscribers may direct) the definitive certificates of title in respect of the Subscription Shares that it subscribes for in accordance with clause 2.1, or (2) deposit the same into the account of the relevant person admitted for the time being by HKSCC as a participant of the CCASS with whom each of the Subscribers has accounts in accordance with such Subscribers' instructions.

5. **Subscription Announcement**

The Parties hereby authorise the release for publication of the Subscription Announcement in respect of the Subscription in the form approved by the each of Subscribers and the Company as soon as reasonably practicable immediately following the execution of this Agreement and subject to such amendment as may be required by the Stock Exchange.

6. **Representations and warranties**

6.1 **Representations and warranties of the Company**

The Company hereby represents and warrants to each of the Subscribers as follows:

- (A) that it has full power, authority and capacity to allot and issue the Subscription Shares pursuant to this Agreement under the Articles of Association and the directors of the Company have full power and authority to effect such allotment;
- (B) it has not repurchased any of its own Shares within the 30 days preceding the date of this Agreement;
- (C) the allotment and issue of the Subscription Shares pursuant to this Agreement will not result in any breach of and will comply with all relevant laws of Hong Kong, the Companies Ordinance, the Listing Rules and all other applicable laws, rules and regulations;
- (D) none of the Company nor any of its or their affiliates, or any person acting on behalf of any of them has offered or sold or will offer or sell any security, has solicited or will solicit offers to buy any security or has taken or will take any other action under circumstances that would require registration of any of the Subscription Shares under the U.S. Securities Act;
- (E) all statements of fact contained in the Subscription Announcement are true and accurate in all respects and not misleading in any respect in the form and context

in which they appear, all expressions of opinion, intention or expectation contained in the Subscription Announcement are made on reasonable grounds and are truly and honestly held by the directors of the Company and are fairly based, all forecasts, and estimates in the Subscription Announcement are honest and fair and there are no other facts omitted the omission of which makes any such statement or expression in the Subscription Announcement misleading in any respect or which are or might be material in the context of the Subscription;

- (F) with respect to all the Previous Announcements, all statements of fact contained in the Previous Announcements were true and accurate in all respects and not misleading in any respect in the form and context in which they appeared, and all expressions of opinion, intention or expectation contained in the Previous Announcements were made on reasonable grounds and were truly and honestly held by the directors of the Company and were fairly based, all forecasts and estimates therein were honest and fair and there were no other facts omitted the omission of which made any such statement or expression in any of the Previous Announcements misleading in any respect or which would or might have been material in the context in which the Previous Announcements were made. The Company is not in possession of any non-public information relating to the Company, the Group or their respective businesses the release of which could affect the trading price or volume of the Shares or is required to be disclosed under the applicable securities laws and regulations; and
- (G) all information (whether oral, written, electronic or in any other form) supplied by or on behalf of the Company or any of its officers, directors, employees or advisers, for the purpose of or in connection with the Subscription (including all submissions to the SFC and the Stock Exchange), and all publicly available information and records of the Company (including information contained in annual reports, statutory filings and registrations) is and was, when supplied or published, true, accurate and complete in all material respects and not misleading.

6.2 Representations and warranties of the Subscribers

Each of the Subscribers hereby represents and warrants to the Company that:

- (A) its shareholding structure as set out in Recital (B) or Recital (C) (as the case may be) and Appendix 1 is true and accurate;
- (B) it has been duly incorporated and is validly existing under the laws of its place of incorporation;
- (C) it has full power, authority and capacity, and has taken all actions and obtained all consents, approvals and authorizations from any governmental or regulatory parties or other third parties required to enter into and perform its obligations under this Agreement;
- (D) it has the legal right and authority to own, use, lease and operate its assets and to conduct its business in the manner presently conducted;
- (E) it is not aware of any information that has or may have a material adverse effect on the share price of the Company which has not been disclosed to the public apart from the information regarding the Subscription nor will it breach the insider dealing provisions of the SFO as a result of the Subscription;
- (F) this Agreement and any other documents required to be executed by the Subscriber pursuant to the provisions of this Agreement have been and (in the

case of documents to be executed) will be duly authorised, executed and delivered by the Subscriber and constitutes or will (in the case of documents to be executed) constitute, when executed, legal, valid and binding obligations of the Subscriber enforceable against it in accordance with their respective terms and the Subscriber has taken, and will for the term of this Agreement take, all necessary steps to perform its obligations under this Agreement and to give effect to this Agreement and the transactions contemplated in this Agreement;

- (G) the execution and delivery by the Subscriber of and the performance by such Subscriber of, this Agreement and the Subscription and the consummation of the transactions contemplated herein does not contravene or result in a contravention of any provision of the constitutive documents of the Subscriber, the laws of any jurisdiction to which it is subject in respect of the transactions contemplated under this Agreement or which may otherwise be applicable to the Subscriber in connection with the Subscription or any agreement or other instrument binding upon the Subscriber or any judgement, order or decree of any governmental body, agency or court having jurisdiction over such Subscriber;
- (H) it has complied and will comply with all applicable laws and regulations in all jurisdiction relevant to the acquisition of the Subscription Shares, including, without limitation, to provide, or cause to procure to be provided, to the Company promptly upon request such information as may be required by the Stock Exchange, the SFC and other governmental, public, monetary or regulatory authorities or bodies or securities exchange including, without limitation, identity information of the ultimate beneficial owner, if any, of the Subscription Shares and/or the person ultimately responsible for the giving of the instruction relating to the acquisition, within the time and as requested by such regulators. The Subscriber further authorises the Company to disclose to such regulators all information relating to the transaction hereunder as such regulators may request;
- (I) it will comply with any and all applicable provisions of Part XV of the Securities and Futures Ordinance in relation to the Subscription Shares;
- (J) it is not a U.S. person (as defined in Regulation S) under the U.S. Securities Act, and it is not currently in the United States; and
- (K) it understands that the Subscription Shares have not been registered with the United States Securities and Exchange Commission and are being sold in reliance upon an exemption from the registration requirements of the U.S. Securities Act pursuant to Regulation S.

7. **Restrictions on Shares**

- 7.1 Each of the Subscribers undertakes to the Company that, from the date of the Completion and on or prior to the date being 6 months after the date of the Completion, it will not and will procure that none of its nominees and companies controlled by it or trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in clause 7.1(i) or (ii) above is to be settled by delivery of Shares or such other securities, in

cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in clause 7.1(i) or (ii) above.

- 7.2 The Company undertakes to each of the Subscribers that (except for (i) the new Shares to be allotted and issued to each of the Subscribers and (ii) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with its Articles of Association or on the exercise of rights existing at the date of this Agreement) that, from the date of the Completion and on or prior to the date being 6 months after the date of the Completion, it will not (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in clause 7.2(i) above or (iii) announce any intention to enter into or effect any such transaction described in clause 7.2(i) or (ii) above.

8. **Undertakings**

8.1 **Disclosures and compliance**

The Company and each of the Subscribers shall each make all appropriate disclosures pursuant to, and will each comply in all respects with, all applicable laws, rules and regulations (including without limitation the Listing Rules, the SFO and the Takeovers Code) and all requirements of the Stock Exchange, the SFC or any other applicable regulatory body in connection with the Subscription.

8.2 **Articles of Association**

Each of the Subscribers undertakes to accept the Subscription Shares subject to the Articles of Association.

9. **Miscellaneous**

9.1 **Several liability**

All warranties, representations, covenants, agreements and obligations given or entered into by the Subscribers are given or entered into severally (not jointly).

9.2 **Further assurances**

Each Party hereto undertakes with the other Party that it shall execute and perform and procure that such further documents are executed and acts are performed as any other Party hereto may reasonably require to give effect to the provisions of this Agreement.

9.3 **Whole agreement and variations**

This Agreement constitutes the entire agreement and understanding between the Parties in connection with the Subscription. This Agreement supersedes all previous agreements or understanding which shall cease to have further force or effect and no Party has entered into this Agreement in reliance upon any representation, warranty or understanding which is not set out or referred to in this Agreement.

9.4 **Costs and expenses**

The Parties shall each be responsible for its own costs, charges and other expenses incurred in connection with negotiating, preparing, entering into and completing this Agreement and the transactions contemplated under this Agreement and the issue of the Subscription Shares.

9.5 **Time of the essence**

Time shall be of the essence of this Agreement.

9.6 **No announcements**

Save as otherwise required by the Stock Exchange and the SFC, neither Party hereto shall make any public announcement or communication other than the Subscription Announcement in relation to the Subscription without the prior written approval of the other Party to this Agreement.

9.7 **Third party rights**

No one other than a party to this Agreement, their successors and permitted assignees, shall have any right whatsoever (including, without limitation, any rights under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong)) to enforce any of the terms of this Agreement.

9.8 **Notices**

(A) Any notice or other communication to be given by one Party to the other Party under this Agreement shall be in writing and signed by or on behalf of the Party giving it. It shall be served by sending it by email to the email address set out below, or delivering it by hand, or sending it by prepaid recorded delivery or registered post, to the address set out below and in each case marked for the attention of the relevant Party set out below (or as otherwise notified from time to time in accordance with the provisions of this clause 9.8). Any notice so served by hand, email or post shall be deemed to have been duly given:

- (1) in the case of delivery by hand, when delivered;
- (2) in the case of email, upon confirmation of transmission;
- (3) in the case of prepaid recorded delivery or registered post, at 10:00 a.m. on the second Business Day following the date of posting,

provided that in each case where delivery by hand or by email occurs after 6:00 p.m. on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9:00 a.m. on the next following Business Day.

(B) References to time in this clause are to Hong Kong time.

(C) The addresses and email address of the Parties for the purpose of sub-clause (A) above are as follows:

(1) To the Company:

Address: 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong

Tel: +852 2376 6188
Email address: alan_yeung@cosmel.com
Attention: The Board of Directors

(2) To the First Subscriber:

Address: Flat G, 7th Floor, New Lucky House, 300-306 Nathan Road,
Kowloon, Hong Kong
Tel: +852 2384 3611
Email address: bcct05@yahoo.com.hk
Attention: Mr. Tang Chi Tung

(3) To the Second Subscriber:

Address: Flat G, 7th Floor, New Lucky House, 300-306 Nathan Road,
Kowloon, Hong Kong
Tel: +852 2384 3611
Email address: bcct05@yahoo.com.hk
Attention: Mr. Tang Chi Tung

(D) A Party may notify the other Party to this Agreement of a change to its name, relevant addressee, address or email address for the purposes of sub-clause (A) above, provided that, such notice shall only be effective on:

- (1) the date specified in the notice as the date on which the change is to take place; or
- (2) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the fifth Business Day after the date on which the notice has been given.

(E) All notices under or in connection with this Agreement shall be in the English language.

9.9 Counterparts

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

9.10 No assignment

No Party hereto may assign the benefits of (or obligations under) this Agreement.

9.11 No variation

No variation of this Agreement (or any of the documents referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the Parties to it. The expression variation shall include any variation, supplement, deletion or replacement however effected.

9.12 **Invalidity**

If any provision of this Agreement is held to be invalid, illegal or unenforceable, then such provision shall (so far as it is invalid, illegal or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The Parties shall then use all reasonable endeavours to replace the invalid, illegal or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid, illegal or unenforceable provision.

10. **Law and Jurisdiction**

10.1 **Governing law**

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

10.2 **Arbitration**

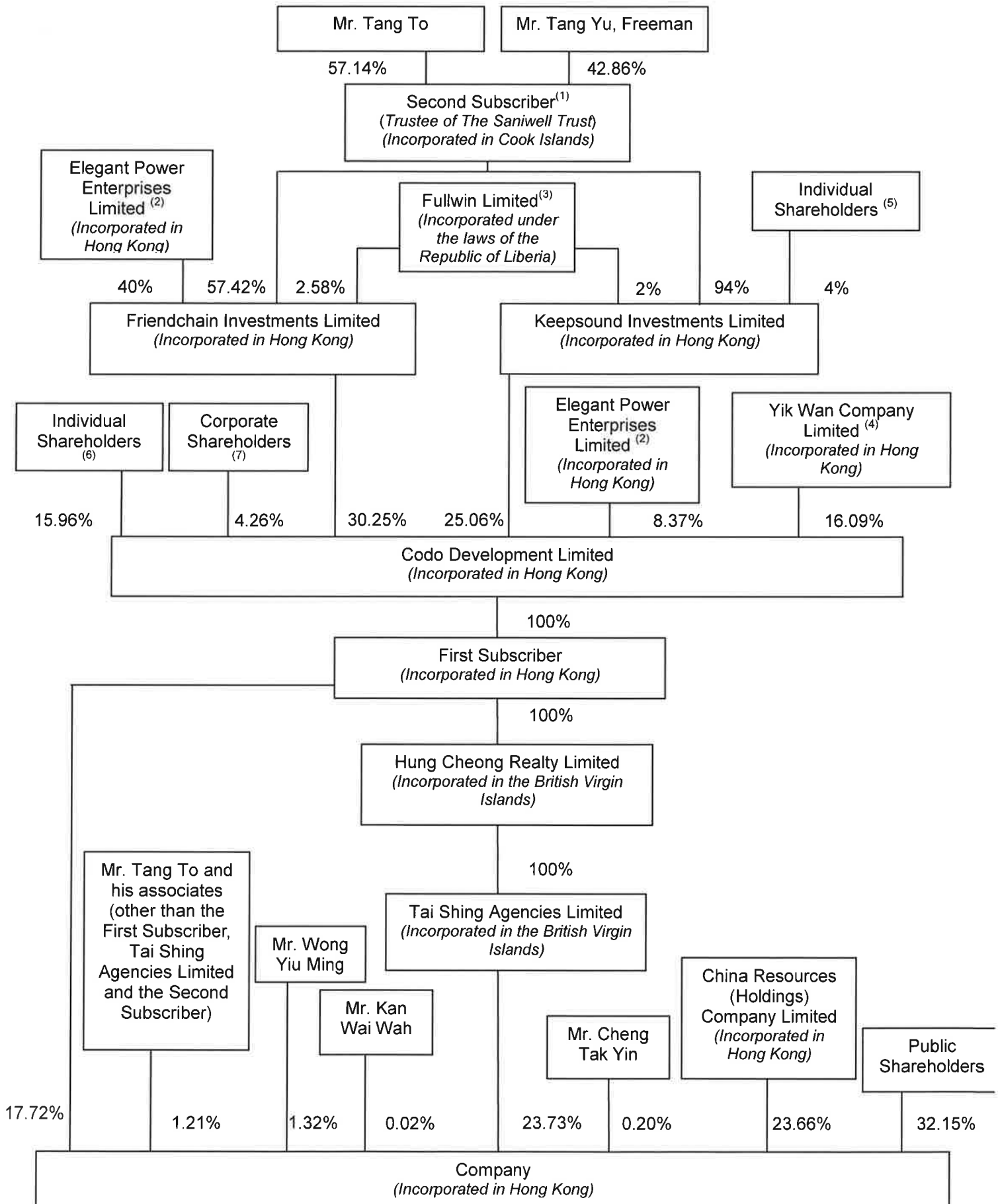
- (A) Any dispute or claim arising out of or in connection with or relating to this Agreement, or the breach, termination or invalidity hereof (including the validity, scope and enforceability of this arbitration provision), shall be finally resolved by arbitration in Hong Kong under the auspices of the Hong Kong International Arbitration Centre and in accordance with the UNCITRAL Arbitration Rules as are in force at the date of this Agreement and as may be amended by the rest of this clause 10.2. For the purpose of such arbitration, there shall be three arbitrators (the "Arbitration Board"). The Company shall select one arbitrator and the Subscriber(s) shall select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the Arbitration Center shall select the third arbitrator. If any arbitrator to be appointed by a Party has not been appointed and consented to participate within 30 days after the selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the Arbitration Center.
- (B) All arbitration proceedings shall be conducted in English. The arbitrators shall decide any such dispute or claim strictly in accordance with the governing law specified in clause 10.2. Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.
- (C) It is the express intention of the Parties that, subject to the terms and provisions of this Agreement, particularly the limitations on termination of this Agreement, the arbitrators be authorized and empowered to award any and all relief, at law or in equity, that could be granted by a court of competent jurisdiction with respect to the claim or claims being asserted, except as expressly provided herein, including the order or grant of damages, specific performance of any obligation of a party, injunctive relief, pre- and post-judgment interest, legal fees, costs and/or sanctions for abuse or frustration of the arbitration process. The foregoing notwithstanding, the Parties may seek and obtain a temporary restraining order, temporary injunction or other interim relief or interim enforcement action from a court of competent jurisdiction without first having to submit such dispute to arbitration.
- (D) Each Party irrevocably consents to the service of process, notices or other paper in connection with or in any way arising from the arbitration or the enforcement of any

arbitral award, in accordance with the UNCITRAL Arbitration Rules as are in force at the date of this Agreement. Nothing contained herein shall affect the right of any Party to serve such processes, notices or other papers in any other manner permitted by applicable law.

- (E) The Parties agree to facilitate the arbitration by (i) cooperating in good faith to expedite (to the maximum extent practicable) the conduct of the arbitration, (ii) making available documents, books, records and personnel under their control in accordance with the UNCITRAL Arbitration Rules, (iii) conducting arbitration hearings to the greater extent possible on successive business days and (iv) using their best efforts to observe the time periods established by the UNCITRAL Arbitration Rules or by the Arbitration Board for the submission of evidence and briefs.
- (F) Any award made by the Arbitration Board shall be final and binding on each of the Parties that were parties to the dispute. The Parties expressly agree to waive the applicability of any laws that would otherwise give the right to appeal the decisions of the Arbitration Board so that there shall be no appeal to any court of law for the award of the Arbitration Board, and a Party shall not challenge or resist the enforcement action taken by any other Party in whose favour an award of the Arbitration Board was given.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

**APPENDIX 1
SHAREHOLDING STRUCTURE**



Notes:

- (1) The Second Subscriber is a company incorporated under the laws of Cook Islands and is the trustee of The Saniwell Trust. The beneficiaries of The Saniwell Trust are Ms. Chung Man Fong, Ms. Hui Tang Yee and Mr. Tang To.
- (2) Elegant Power Enterprises Limited is owned as to 0.002% by Mr. Kan Wai Wah, a non-executive director of the Company, and 99.998% by Ms. Law Kit Fong.
- (3) Fullwin Limited is owned as to 50% by Mr. Tang To, an executive director of the Company, and 50% by his spouse.
- (4) Yik Wan Company Limited is owned as to 14.29% by Kan Hung Cheung, 14.29% by Kan Wing Cheung, Kenneth, 7.14% by Leung Kan King Chun, 0.04% by Kan Moon Cheung, 14.29% by Sharp Union Investment Limited, 14.29% by Topmix Investment Limited, 14.29% by Wealth Star China Limited, 14.24% by Kan Company Limited and 7.14% by V & V International Limited.

To the best knowledge, information and belief of the Subscribers:

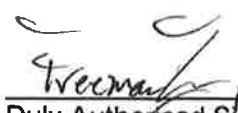
- (a) Sharp Union Investment Limited is incorporated in Hong Kong and is owned as to 99.99% by Sky Treasure Limited and 0.01% by Kan Bing Cheung.
 - (b) Topmix Investment Limited is incorporated in Hong Kong and is owned as to 55% by Kan Ki Cheung Jonathan, 25% by Kwok Miu Har and 20% by Kan Mun Wah Kathleen.
 - (c) Wealth Star China Limited is incorporated in Hong Kong and is owned as to 50% by Law Kit Fong, approximately 8.33% by Chan Kan Yuen Wah, approximately 8.33% by Kan Hon Wah, approximately 8.33% by Kan Wan Wah Belinda, approximately 8.33% by Kan Wai Wah, approximately 8.33% by Kan Shek Wah Elisa and approximately 8.33% by Kan Yin Wah Yvonne.
 - (d) V & V International Limited is incorporated in Hong Kong and is owned as to 40% by Kan Man Ping Winnie, 30% by Lau Vicky and 30% by Lau Yik Yin Vivian.
- (5) The individual shareholders of Keepsound Investment Limited are Tang Tonny Tung, Tang Lui Leo, Tang Ricky Lik, Cheung Har Lam and Hui Tang Yee, holding 0.33%, 0.33%, 0.33%, 1.00% and 2.00% shareholding interests in Keepsound Investment Limited respectively.
 - (6) The individual shareholders of Codo Development Limited are Tang Nuen Tat, Tang Chi Tung, Au-Yeung May Ling as administrator for the estate of Tang Yiu Tung, Tay Liong Sin, Fong Soo Kee and Fong Soo Kee as administrator for the estate of Tang Woon Hang, holding 3.77%, 4.21%, 4.24%, 0.48%, 1.63% and 1.63% shareholding interests in Codo Development Limited, respectively.
 - (7) The corporate shareholders of Codo Development Limited are Cranswick Holdings Limited and Silver View Investment Limited, holding 2.60% and 1.67% shareholding interests in Codo Development Limited, respectively.

To the best knowledge, information and belief of the Subscribers:

- (a) Cranswick Holdings Limited is incorporated in Hong Kong and is owned as to 40% by Tang Ping Kuen, 20% by Tang Nam, 20% by Tang Wing Patty Amestine and 20% by Tang Kei.
- (b) Silver View Investment Limited is incorporated in Hong Kong and is owned as to 27.50% by Won Sau Yan, 27.50% by Tong Min Chu, 15% by Won Ho Ming, 15% by Won Sheung Ming and 15% by Won Sin Ming.

First Subscriber

**SIGNED for and on behalf of
COSMOS MACHINERY (HOLDINGS)
LIMITED**

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)
)
)
) 
) _____
) Duly Authorised Signatory
)
) Name: TANG Yu Freeman
)
) Title: Director

in the presence of:



Signature of Witness

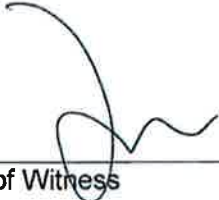
Name: MAN Wing Yan
Address: 10/F, Billion Plaza 2, No. 10 Cheung Yue Street
Cheung Sha Wan, Kowloon, Hong Kong

Second Subscriber

SIGNED for and on behalf of
SANIWELL HOLDING INC.

)
)
)
)
) Tang To
) Duly Authorised Signatory
)
) Name: TANG To
)
) Title: Director

in the presence of:



Signature of Witness

Name: MAN Wing Yan
Address: 10/F., Billion Plaza 2, No. 10 Cheung Yue Street
Cheung Sha Wan, Kowloon, Hong Kong