

Dated 15 January 2025

Wonderful Renown Limited
(“Vendor”)

Cheung Kwok Fai Adam
(“Guarantor”)

China Alliance Venture Limited
(“Purchaser”)

AGREEMENT FOR
SALE AND PURCHASE OF SHARES
OF
CHINA WACAN GROUP CO. LTD.

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THIS AGREEMENT is made on the 15th day of January 2025

- (1) Wonderful Renown Limited, a company incorporated in the British Virgin Islands, whose registered address is at Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands (the "**Vendor**");
- (2) Cheung Kwok Fai Adam, holder of Hong Kong Identity Card No. E781995(5), having address at Flat 9, 2/F, Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong (the "**Guarantor**");

(the Vendor and the Guarantor are collectively referred to as the "**Warrantors**")

- (3) China Alliance Venture Limited, a company incorporated in Hong Kong, whose registered address is at Unit 2803A, 28/F., Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong, Hong Kong (the "**Purchaser**").

WHEREAS:

- (1) Details of CHINA WACAN GROUP CO. LTD (the "**Target Company**") are set out in Schedule 1 to this Agreement, whose shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Stock code: 1920. As at the date hereof, the authorized share capital of the Target Company is HK\$40,000,000, divided into 400,000,000 shares of HK\$0.1 each (the "**Share(s)**"), of which 312,000,000 Shares have been issued.
- (2) The Vendor is the beneficial owner of 195,000,000 Shares.
- (3) The issued share capital of the Vendor is owned as to 84% by the Guarantor.
- (4) The Purchaser and the Vendor have agreed on the transfer of the Sale Shares upon the conditions and terms hereinafter set out.
- (5) In consideration of the Purchaser agreeing to purchase the Sale Shares pursuant to the terms of this Agreement, the Guarantor has agreed to unconditionally guarantee the performance all the obligations of the Vendor hereunder.

IT IS HEREBY AGREED as follows:

1. Definitions and Interpretations

1.1 **Definitions-** In this Agreement the following terms and expressions shall have the following meanings except where the context otherwise states or requires: -

“Agreement”	means this Agreement (including the Schedules and Annexes hereto), as varied, amended and supplemented from time to time;
“Assets”	means all of the assets, properties and rights (including interests on any debts, mortgages or charges) of each Target Group Company;
“Audited Accounts”	means the audited consolidated accounts (prepared and issued pursuant to the international accounting standards or Hong Kong accounting standards) of the Target Company for the recent three financial year for the year ended 31/12/2021, 31/12/2022 and 31/12/2023, copies of which are annexed to the annual report for the year ended 31/12/2021, 31/12/2022 and 31/12/2023 of the Target Company and the annual results announcement for the year ended 31/12/2021, 31/12/2022 and 31/12/2023 of the Target Company;
“Audited Accounts Date”	means 31/12/2023;
“Auditors”	means auditors appointed by the Target Company from time to time;
“Bank Loans”	means loans or advancement and/or debts owed to banks, authorised financial institutions or other similar institutions (in Hong Kong or elsewhere in the world);
“Businesses”	means the businesses, operations and affairs as are presently being conducted by and/or prior to the Closing will be conducted by each Target Group Company;
“Business Day”	means a day on which banks in Hong Kong are generally open for business (other than Saturday, Sunday or public holidays, or any day on which a tropical cyclone warning No. 8 or

	above or a black rainstorm warning signal is hoisted at 10:00 a.m. in Hong Kong);
“Business Licence”	includes any licence, consent, approval, authorization, permit, exemption, order, qualification, registration, certificate, governmental or other ratification;
“Closing”	means the completion of the transfer of the Sale Shares pursuant to Clause 7 hereof;
“Closing Date”	means the date on which Closing takes place, which shall be the date on which all the Conditions Precedent have been fulfilled (or such other date as the Vendor and the Purchaser may agree in writing);
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Conditions Precedent”	the conditions precedent specified in Clause 5A.2;
“Condition Date”	on or before the date of expiration of 3 months after signing of this Agreement by the Parties or such other date as may be agreed in writing between the Parties;
“Consideration”	means consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares, and its calculation basis is set out in Clause 3.1 hereof;
“Directors”	means directors appointed by the relevant company mentioned herein;
“Due Diligence Review”	has the meaning ascribed to it in Clause 5A.1
“Employee”	means any employee or staff employed by the Target Group in Hong Kong or elsewhere as at the date hereof and on the Closing Date;
“Encumbrance”	means any mortgage, charge (whether fixed or floating), debenture, pledge, lien, option, right

	of first refusal, ownership, retention right, equitable interests, third-party right or interest, other security interest of any kind, or obligation which may give rise to any of the above Encumbrances (including any conditional obligations);
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Intellectual Properties”	means all the intellectual properties, and any similar rights of any country and similar patent right of any place in the world which are used and/or licensed to use and/or enjoyed by the Target Group Companies at the time of execution of this Agreement and at Closing, including the registration and application for any such rights and the right to apply for registration thereof (when such right would be obtained or perfected by way of registration), and interests on any and all consents of the same (subject to its obligations) (including all documents in connection therewith), details of which are set out in Schedule 4;
“Lease”	means a lease which is occupied or leased by each Target Group Company;
“Liabilities”	means any and all liabilities (whether contingent or otherwise), debts and obligations, whether arising from law or equitable law or pursuant to any guarantee, condition, security, indemnity, insurance policy, lease, letter of credit, transaction, commitment, contract (in each case express or implied) or any other way, including any and all business liabilities, tax liabilities, tax provision, bad debts, suspense accounts and debts (including interests, costs and expenses), accounts payable, dividends payable or other profit

	distribution, depreciation, liabilities arising from credit financial facilities or security interests, or third party right and all and any reasons;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Litigation”	means all litigations, claims (including those adjudicated or pending for ruling), demands, actions, proceedings, defences, counter-claims;
“Material Adverse Change or Effect”	means any change, event, occurrence, fact which is or is expected to or could reasonably be expected to have a material adverse effect on the financial conditions, management, business or properties, operation results, legal or financial structure, business prospect or assets or liabilities of any Target Group Company or the Vendor, and “Material Adverse Change” or “Material Adverse Effect” shall be construed accordingly;
“PRC”	means the People’s Republic of China;
“Properties”	means the lands or properties owned or leased by the Target Group Companies, details of which are set out in Schedule 3;
“Purchaser’s nominee”	has the meaning ascribed to it in Clause 3.2;
“Purchaser’s Solicitors”	means David Fong & Co. having its address at Unit A, 12th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong;
“Sale Shares”	means 195,000,000 Shares to be sold by the Vendor to the Purchaser pursuant to this Agreement, representing 62.5% of the issued share capital of the Target Company as at the date hereof and at the Closing;
“SFC”	means the Securities and Futures Commission;
“Shareholders”	means holders of the Shares;

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC;
“Target Group” or “Target Group Company(ies)”	means the Target Company and its subsidiaries, and details of such subsidiaries are set out in Schedule 1A;
“Target Group’s Accounts”	means the audited accounts of the Target Group;
“Taxes”	<p>means</p> <p>(1) all forms of taxes imposed and levied by any taxing authority in Hong Kong or any other part of the world and include profits tax, provisional profits tax, interest tax, salaries tax, property tax, income tax, corporation tax, advance corporation tax, national insurance and social insurance premium, capital gain tax, inheritance tax, capital transfer tax, land development tax, tariff and import duties, goods and services tax, ad valorem tax, estate tax, capital tax, stamp duty, payroll tax and other similar liabilities or contributions and other taxes, charges, levies, customs, compulsory pension contributions, or deductions similar to, replaced by or replacing any of them; and</p> <p>(2) all costs, interests, fines and penalty attached to or in respect of the taxes under the above paragraph (1),</p> <p>and “Tax” shall be construed accordingly;</p>
“Tax Authority”	means Hong Kong Inland Revenue Department and/or any other revenue,

	customs, governmental fiscal, statutory, central, regional, state, provincial, local government or municipal authority, institution or person, whether in Hong Kong or elsewhere;
“Tax Claim”	means any assessment, claim, notice, demand, letter, instructions, counter-claim or other documents issued or actions taken by or on behalf of any fiscal, taxing or other authority in any part of the world, as a result of which any Target Group Company is subject to or is required to bear a liability for increased or further taxes, or suffers rejection of tax relief;
“Tax Matter”	includes any event, act, transaction, omission or matter of any nature (whether a Target Group Company has involved therein or not) which covers the completion or receipt of any accumulated revenue or any distribution, non-distribution, acquisition, sales, transfer, payment, loans or advancement, including event of failure to pay sufficient dividend or apportion or deemed income distribution, and a reference to a Tax Matter occurred on or before any date shall be deemed to include a combination of any two or above events of Tax Matters provided that one of such event happens on or before such date;
“Tax Relief”	means loss, relief, allowance, exemption, offsets, claims, or credit or other relief of a similar nature granted or claimed or available under any relevant tax law or otherwise;
“Transition Period”	shall have the meaning set forth in Clause 5.1 hereof;
“Vendor’s nominee”	has the meaning ascribed to it in Clause 3.2;
“Warranties”	means representations, warranties and undertakings given by the Warrantors to the Purchaser as set out in Clause 4 and Schedule

	2 hereof, or any of them;
“Warrantors”	means the Vendor and the Guarantor.

1.2 Interpretations - Unless the context states and requires otherwise, in this Agreement:

- (a) **Companies Ordinance** – Terms and expressions defined in the Companies Ordinance shall have their respective same meaning herein.
- (b) **Associated companies** – a corporate body shall be deemed to be an associated company of another corporate body if the former is the controlling company or subsidiary of the latter, or subsidiary of the controlling company of the latter.
- (c) **Statutory Provisions** - References to “statutory provisions” shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).
- (d) **Law** – a reference to “law” shall be construed as a reference to Hong Kong basic law, any common and customary law, any constitution, decree, judgment, legislation, code, order, ordinance, regulations, rules, provisions, treaties or other legislation measures as applicable from time to time, and the expression “lawful” shall be construed accordingly.
- (e) **Clauses**- References herein to “Clauses” and “Schedules” and “Annexes” are to clauses in and schedules and annexes to this Agreement, and the Schedules and Annexes to this Agreement shall be deemed to form part of this Agreement.
- (f) **Headings** - The headings are inserted for convenience only and shall not affect the construction or interpretation of this Agreement.
- (g) **Gender; Number** - Words importing the singular include the plural and vice versa and words importing a gender include every gender, and a reference to a person include corporations and unincorporated associations.
- (h) **Loss** – A reference to “loss” in this Agreement includes all liabilities (whether contingent or otherwise), losses, compensations, damages,

recoveries, penalties, fines, litigation costs, disbursements and expenses arising from any claim, demand, action or proceedings.

- (i) **Reserved Representations** – any reserved representation expressed to be made “to the information and belief of the Warrantors” or “to the knowledge of the Warrantors” or any other similar expressions shall be deemed to include an extra representation which is made after due investigation and careful enquiry and is deemed to include the knowledge of the Target Group Companies.
- (j) A "**Party**" or "**Parties**" referred to in this Agreement is a reference to a party or parties to this Agreement.
- (k) **Successors** – The expressions “the Company”, “the Purchaser”, “the Vendor” and “the Guarantor” shall include their respective successors, permitted assigns and nominees.
- (l) **Structure** - The rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things. General words shall not be given a restrictive meaning by particular examples intended to be embraced by the general words.
- (m) **Breach of Warranties** – Reference to a breach of Warranty or Warranties shall be deemed to include that a Warranty is breached, untrue, inaccurate, incomplete or unfairly provided or misleading in any respect.
- (n) **Currency Conversion** – All sums denominated and/or payable under this Agreement and all compensation amounts under or arising from this Agreement, in each circumstance, if not in Hong Kong Dollars, shall be converted into the corresponding Hong Kong Dollars at the prevailing exchange rate and (if applicable) be paid and settled in Hong Kong Dollars (if not in Hong Kong Dollars), or be paid and settled in such other currency as agreed by the Purchaser and the Vendor.

2. Sale and Purchase of the Sale Shares

- 2.1 Subject to the terms and conditions of this Agreement, at Closing, the Vendor shall sell as legal and beneficial owner and the Purchaser shall purchase, the Sale Shares free from any Encumbrances and with all rights attaching thereto

as from Closing (including the right to receive dividends and profit distributions declared, made or paid with respect to the Sale Shares on and after the Closing Date). The Warrantors warrant and undertake that at Closing the Sale Shares transferred by the Vendor to the Purchaser will include the beneficial ownership thereto, free from Encumbrances.

- 2.2 The Parties agree that, the Purchaser shall have a right to procure its wholly-owned subsidiaries to take up the Purchaser's position in this Agreement so as to take up the rights of the Purchaser hereunder and bear the liability and obligations of the Purchaser hereunder. The Warrantors agree and undertake to fully cooperate with such arrangement.
- 2.3 The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all of the Sale Shares is completed simultaneously.

3. Consideration

- 3.1 The consideration for the purchase by the Purchaser and the sale by the Vendor of the Sale Shares under this Agreement (the "**Consideration**") shall be approximately HK\$0.2564 for each Sale Share, totalling HK\$50,000,000.
- 3.2 The Purchaser or the Purchaser's nominee as may be directed by the Purchaser shall pay to the Vendor or the Vendor's nominee as may be directed by the Vendor the Consideration on Closing.

4. Representations, Warranties, Undertakings and Indemnities

4.1 Warranties of the Vendor

The Vendor irrevocably warrants that:

- (a) The Vendor is duly incorporated and validly existing as a limited liability company under the laws of the British Virgin Islands and has the full capacity and authority to enter into this Agreement and to exercise its rights hereunder and perform its obligations under this Agreement;
- (b) The execution of this Agreement by the Vendor, the exercise of its rights and performance of its obligations under this Agreement by the Vendor will not result in a breach of:
- (i) any law or decree applicable to the Vendor; or

- (ii) any documents or constitutional documents of the Vendor pursuant to which the Vendor is incorporated or by which the Vendor is bound to handle affairs; or
 - (iii) any documents or agreements to which the Vendor is a party or by which the Vendor or its assets are bound.
- (c) This Agreement will constitute a valid, binding and enforceable document against the Vendor; All representations made by the Vendor in this Agreement are true, accurate and complete in all material respects;
- (d) The Vendor has not provided any form of guarantee or create any form of third-party interests or Encumbrances in favor of a third party over the Sale Shares, and the Vendor also warrants that the Sale Shares are free from any third-party rights or interests or Encumbrances at Closing;
- (e) The Vendor has obtained all the proper authorizations to enter into this Agreement and perform and complete the transactions contemplated by this Agreement;
- (f) All corporate or other actions, conditions or matters required to be taken, observed and performed pursuant to the constitutional documents and/or applicable laws (as the case may be) applicable to the Vendor have been taken, observed and performed on or before the date hereof, in order for:
 - (i) the Vendor to legally enter into this Agreement, exercise its rights and perform its obligations hereunder;
 - (ii) the Vendor's relevant obligations and liabilities to be legal, valid and enforceable; and
 - (iii) this Agreement to be a legal and valid document within the relevant jurisdiction;
- (g) Except otherwise agreed and disclosed prior to the execution of this Agreement, the execution of this Agreement and the performance and completion of the transactions contemplated by this Agreement do not require consent from any other economic entities or persons pursuant to the agreements binding on the Vendor or the licences held by the Vendor, and the execution of this Agreement and the performance and completion of the transactions contemplated by this Agreement do not violate the terms of the agreements binding on the Vendor or the licences held by the Vendor;
- (h) The sale of the Sale Shares to the Purchaser hereunder is not subject to

any pre-emptive right or similar rights;

- (i) The Vendor has not entered into any agreements or concluded any arrangement with respect to the Sale Share with any other third party;
- (j) The Vendor has disclosed to the Purchaser all the material facts or circumstances relating to the Sale Shares in this Agreement, and no facts provided in this Agreement are in a material respect untrue, inaccurate or misleading as a consequence of failure of such disclosure;
- (k) Subject to the applicable law and confidentiality obligation, the Vendor shall as soon as practicable notify the Purchaser upon the occurrence of any circumstance which reasonably comes to the attention of the Vendor before the Closing and results in the representations and warranties given by the Vendor in this Agreement being untrue and inaccurate in a material respect.

4.2 Warranties of the Guarantor

- (a) The execution of this Agreement by the Guarantor, the exercise of his/her rights hereunder and performance of his/her obligations under this Agreement by the Guarantor will not result in a breach of:
 - (i) any law or decree applicable to the Guarantor; or
 - (ii) any documents, deeds or agreements to which the Guarantor is a party or by which the Guarantor or its assets are bound.
- (b) This Agreement will constitute a valid, binding and enforceable document against the Guarantor. All representations made by the Guarantor (whether in the capacity of a Warrantor or the Guarantor) in this Agreement are in all material respects true, accurate and complete.

4.3 Warranties of the Warrantors – The Warrantors hereby jointly and severally, unconditionally and irrevocably represent and warrant to the Purchaser pursuant to the terms of Clause 4 and Schedule 2 hereof:

- (a) each of the Warranties are true, complete, accurate and are given truthfully in all material respects on the date hereof and on the Closing Date.

4.4 Separate Warranty – Each of the Warranties shall be deemed as separate and independent (its purpose is to grant the Purchaser the right to make separate claims and recoveries against a breach of any of the Warranties) and is not limited

by reference to or inference from any other Warranty or any other terms of this Agreement (except expressly provided herein).

4.5 **Disclosure** - Subject to applicable laws and confidentiality obligation, the Warrantors shall immediately disclose to the Purchaser in writing if the Warrantors become aware of any circumstance occurring prior to Closing which is or is likely to result in a breach of any Warranty or result in any Warranty being misleading, inaccurate, incomplete in any material respect (or which would, with lapse of time, constitute a breach of any Warranty or result in any Warranty being misleading, inaccurate, incomplete in any material respect), or that any Material Adverse Change or Effect has occurred or is likely to happen.

4.6 **Representations and Limitations on Liability**

The Warrantors will not be liable for any Claims under this Agreement after 24 months after Closing, except when the Purchaser has given a written notice to the Warrantors with respect to a Claim or circumstances (with reasonably sufficient particulars) of a potential Claim arising from this Agreement within such 24 months. The Purchaser shall not file a Claim against the Warrantors unless the sum exceeds HK\$200,000. Save for title defects in relation to the Sale Shares, the maximum aggregate liabilities of the Warrantors under this Agreement shall be capped at an amount not more than the Consideration.

4.7 **Warranties of the Purchaser** – The Purchaser irrevocably represents, warrants and undertakes to the Vendor as follows:

- (a) The representations, warranties and undertakings given by the Purchaser are true, accurate, complete, unconditional and unreserved on the date hereof and on the Closing Date;
- (b) The obligations of the Purchaser as provided in this Agreement are legal, valid and binding. The Purchaser shall implement and perform its obligations hereunder pursuant to the terms and conditions of this Agreement;
- (c) The execution and performance of this Agreement by the Purchaser will not violate any relevant laws, regulations, agreements or rules, or any obligations (contractual or otherwise) binding on the Purchaser or any of its Assets.

4.8 **Undertakings of the Warrantors** - The Warrantors unconditionally and irrevocably undertakes to the Purchaser that they will procure that no dividend or profit distribution will be declared by the Company from the date hereof to Closing.

4.9 Indemnities of the Guarantor

- (a) In consideration of the Purchaser entering into this Agreement and subject to Clause 4.9(b), the Guarantor hereby unconditionally and irrevocably guarantee to the Purchaser the due and punctual performance and observance by the Vendor of all its respective obligations, commitments, undertakings, warranties, indemnities and covenants under or pursuant to this Agreement and agree to indemnify the Purchaser against all losses, damages, costs and expenses (including legal costs and expenses) which the Purchaser may reasonably incur or suffer through or arising from any breach by the Vendor of such obligations, commitments, warranties, undertakings, indemnities or covenants. The liability of the Guarantor as aforesaid shall not be released or diminished by any arrangements or alterations of terms (whether of this Agreement or otherwise) or any forbearance, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance.
- (b) For the avoidance of doubt, the liability of the Guarantor under Clause 4.9(a) shall be limited in the same manner as for the Vendor's liability under Clause 4.6, and in any event shall not exceed the aggregate amount of the Consideration received by the Vendor, or the Vendor's nominee, pursuant to this Agreement.
- (c) If and whenever the Vendor defaults for any reason whatsoever in the performance of any obligation or liability undertaken or expressed to be undertaken by it under or pursuant to this Agreement, the Guarantor shall forthwith upon demand unconditionally perform (or procure performance of) and satisfy (or procure the satisfaction of) the obligation or liability in regard to which such default has been made in the manner prescribed by this Agreement (as the case may be) so that the same benefits shall be conferred on the Purchaser as if it would have received if such obligation or liability had been duly performed and satisfied by the Vendor or any of them (as the case may be). The Guarantor hereby waives any rights which he/she may have to require the Purchaser to proceed first against or claim payment from the Vendor to the intent that as between the Purchaser and the Guarantor the latter shall be liable as principal debtor as if he/she had entered into all undertakings, agreements and other obligations jointly and severally with the Vendor.
- (d) This guarantee and indemnity is to be a continuing security to the Purchaser for all obligations, commitments, warranties, undertakings, indemnities and covenants on the part of the Vendor under or pursuant to this Agreement notwithstanding any settlement of account or other matter or thing

whatsoever.

- (e) This guarantee and indemnity is in addition to and without prejudice to and not in substitution for any rights or security which the Purchaser may now or hereafter have or hold for the performance and observance of the obligations, commitments, undertakings, covenants, indemnities and warranties of the Vendor under or in connection with this Agreement.
- (f) As a separate and independent stipulation, the Guarantor agrees that any obligation expressed to be undertaken by the Vendor under this Agreement (including, without limitation, any moneys expressed to be payable under this Agreement) which may not be enforceable against or recoverable from the Vendor by reason of any legal limitation, disability or incapacity of any of them or any other fact or circumstance shall nevertheless be enforceable against or recoverable from the Guarantor as though the same had been incurred by the Guarantor and the Guarantor were sole or principal obligor in respect thereof and shall be performed or paid by the Guarantor on demand.
- (g) The Guarantor hereby agrees to (i) indemnify the Purchaser, or (ii) (if the Purchaser so directs in writing) covenant to pay the Purchaser an amount equal to, (a) all losses, damages, payments (Tax or otherwise), penalties, charges, interest, costs and expenses (including legal costs and expenses), which the Purchaser may reasonably incur or suffer arising from, relating to, as a result of or in connection with any breach by the Vendor of its obligations, commitments, undertakings, indemnities or covenants under or pursuant to any of the Warranties; (b) any Tax liability of the Company resulting from or by reference to any income, profits or gains earned accrued or received on or before the Closing Date or any event on or before the Closing Date whether alone or in conjunction with other circumstances and whether or not such Tax is chargeable against or attributable to any other person; (c) any Tax liability of the Company that arises after Closing as a result of an act, omission or transaction by a person other than the Company and which liability to Tax falls upon the Company as a result of its having been in the same group for Tax purposes as that person at any time before Closing; and (d) all costs and expenses which are incurred by the Purchaser or the Company in connection with any of the matters referred to in this Clause 4.9(g) or in taking or defending any action under the covenants contained in this Clause 4.9(g) (including, without prejudice to the generality of the foregoing, all legal and other professional fees and disbursements).

5. Undertakings of the Warrantors

- 5.1 After the signing of the Agreement and until the completion of the change of the

directors of the Target Company as described in 7.3 of this Agreement (the “**Transition Period**”), the Warrantors undertake that each of them will procure the Businesses to continue and operate the day-to-day business of the Target Group Companies on a normal and prudent basis and in accordance with past practice, and will not do or omit to do (or allow to do or omit to do) any act or matter other than in the ordinary course of business. In particular, each of the Warrantors shall cause (unless otherwise provided in this Agreement) the Target Group Companies not to do, permit or procure any act or omission prior to the end of the Transition Period without the Purchaser’s prior written consent which will or might constitute a breach of the Agreement or Warranties or any undertakings under the Agreement.

5.2 During the Transition Period, except as provided in this Agreement or with the Purchaser’s prior written consent (if such consent is in conformity with the provisions of this Agreement, such consent shall not be unreasonably delayed), the Warrantors shall cause each Target Group Company not to do any of the following matters:

- (a) incur or permit or agree to incur any indebtedness of any Target Group Company or for which any Target Group Company has commitments in excess of HK\$5,000,000 in aggregate, other than in the ordinary course of business;
- (b) make a single payment in excess of HK\$5,000,000 other than in the ordinary course of business;
- (c) add or delete or change any signatory of any bank and securities account authorization of any of the Target Group Companies, except pursuant to this Agreement;
- (d) resolve to amend the memorandum or articles of association or constitutional documents of the Target Group Companies;
- (e) make any changes relating to the business nature, scope, conditions or organization of the Target Group Companies;
- (f) issue or agree to issue any shares, warrants, bonds or other securities or loan stock convertible into shares or bonds, grant or agree to grant, redeem, modify any provisions of any rights or options to acquire or convert into any shares or loan stock, or take any action, which would cause the Purchaser’s shares in the Target Company (on a fully diluted basis) to be lower than 62.5% at or after the Closing Date;
- (g) enter into any single transaction, agreement or arrangement in excess of HK\$5,000,000 other than in the ordinary course of business;
- (h) modify, waive, extend any terms of any indebtedness of any of the Target

Group Companies or for which any of the Target Group Companies has commitments;

- (i) create, allow or agree to create and incur any Encumbrances over any of its Businesses or Assets;
- (j) incur any capital expenditure of any of the Target Group Companies;
- (k) sell, transfer, lease, sublease, license, sublicense, assign or otherwise dispose of or agree to sell, grant or agree to grant any share options, transfer, lease, sublease, license, sublicense, transfer or otherwise disposal of, any Assets (especially including any of its Businesses or Assets, or any part or interests thereof) other than in the ordinary course of business;
- (l) increase overdrafts limit or conduct any negotiations on using existing overdrafts;
- (m) terminate any agreement of any of the Target Group Companies involving an aggregate value in excess of HK\$5,000,000, or waive any outstanding contractual obligations under such agreement;
- (n) commence, compromise, settle, waive, dismiss any civil, criminal, arbitral or other legal proceedings or waive any of the above rights of the parties regarding any claim, liabilities, action, demand, or dispute in a total amount exceeding HK\$5,000,000;
- (o) cancel, compromise or delete the amount recorded in the books of each Target Group Company as debtor or creditor;
- (p) terminate or allow the lapse of any insurance policy related to existing Assets;
- (q) conduct any business other than any existing Businesses;
- (r) enter into any partnership or joint venture arrangement;
- (s) do any act or thing that has a Material Adverse Effect or may result in a violation of any applicable law.

5.3 The Warrantors irrevocably and unconditionally warrant and undertake that, after the signing of the Agreement, it will use their best endeavours to procure that during the Transition Period except as provided in this Agreement or with the Purchaser's prior written consent (if such consent is in conformity with the provisions of this Agreement, such consent shall not be unreasonably delayed):

- (a) none of the Target Group Companies is or will be subject to investigation, enquiry, condemnation or questioning by or before any statutory or regulatory body in Hong Kong or elsewhere as a result of breach of or non-

compliance with any applicable laws, rules or regulations;

- (b) each of the Target Group Companies will comply with all applicable laws, rules or regulations in all material respects, and will comply with and obtain all Business Licences required for carrying on its Businesses and will comply with all legal or regulatory requirements regarding any transaction to which it is a party or regarding the Businesses;
- (c) none of the Target Group Companies is and will be subject to any investigation, inquiry, condemnation, inquiry or punishment by or before any statutory or regulatory body in Hong Kong or elsewhere for any act of any Target Group Company.

5.4 Undertakings of the Warrantor relating to financing - The Warrantors unconditionally and irrevocably undertake to the Purchaser that during the Transition Period (as defined in Clause 5.1), without the prior written consent of the Target Company, no Target Group Company (other than the Target Company) shall incur or permit to incur any financial indebtedness or raise any fund or incur any liabilities by whatever means.

5.5 Protective Clauses. Neither the liability of the Warrantors nor the validity or enforceability of the Warrantors' liability under this Agreement shall be prejudiced, affected or discharged by:

- (a) the granting of any time or indulgence to the Vendor or any other person;
- (b) the invalidity or unenforceability of any obligation or liability of the Vendor under this Agreement;
- (c) any invalidity or irregularity in the execution of this Agreement;
- (d) any deficiency in the powers of the Vendor to enter into or perform any of its obligations under this Agreement or any irregularity in the exercise thereof or any lack of authority by any person purporting to act on behalf of the Vendor;
- (e) the death, insolvency, bankruptcy, winding-up, liquidation, dissolution or any incapacity, disability or limitation or any change in the constitution or status of the Vendor or the Guarantor;
- (f) any other right or remedy being or becoming held by or available to the Purchaser or by any of the same being or becoming wholly or partly void, voidable, unenforceable or impaired or by the Purchaser at any time releasing, refraining from enforcing, varying or in any other way dealing with any of the same or any power, right or remedy the Purchaser may now or hereafter have from or against the Vendor or any other person;

- (g) any waiver, exercise, omission to exercise, compromise, renewal or release of any rights against the Vendor or any other person or any compromise, arrangement or settlement with any of the same;
- (h) any act, omission, event or circumstance which would or may but for this provision operate to prejudice, affect or discharge this Agreement or the liability of the Warrantors hereunder.

5A. CONDITIONS

- 5A.1 The Purchaser shall be entitled to conduct such financial, legal or other due diligence review of the assets, liabilities, operations and affairs of the Target Group as it may reasonably consider appropriate ("**Due Diligence Review**") and the Vendor shall provide and procure any Target Group Company and its agents to provide such reasonable assistance as the Purchaser or its agents may reasonably require in connection with such review.
- 5A.2 Closing of this Agreement is conditional upon the following conditions being fulfilled or waived by the Purchaser:
 - (a) the Purchaser being reasonably satisfied with the results of the Due Diligence Review; and
 - (a) all Warranties given by the Warrantors under this Agreement remaining true, accurate and not misleading in all material respects.
- 5A.3 The Vendor and Purchaser shall use its respective best endeavours to procure that conditions set out in Clause 5A.2 shall be fulfilled on or before the Condition Date.
- 5A.4 Each Party shall promptly notify the other Party when each of the Conditions Precedent have been satisfied, in each case as soon as reasonably practicable. Each Party shall also produce to the other Party evidence to the satisfaction of the other Party showing due fulfilment of the Conditions Precedent.
- 5A.5 In the event that any conditions precedent set out in Clause 5A.2 has not been fulfilled or waived in writing by the Purchaser by the Condition Date, this Agreement shall be terminated immediately and of no effect save that Clauses Clause 1, 8 to 19 and this Clause 5A.3 which shall survive the termination, and the Parties will be released from all obligations hereunder, save for the liabilities of any antecedent breaches of the terms hereof.

6. Offer

- 6.1 Subject to the Closing hereunder, the Purchaser undertakes to the Vendor that the Purchaser is required to make a mandatory offer in accordance with the time limit and terms stipulated in the Takeovers Code, and shall make all reasonable

efforts to facilitate the issuance of the offer document after the announcement of the acquisition contemplated under this Agreement. The Vendor shall make all reasonable efforts to procure the Target Company to issue the relevant offer documents to the Target Company's shareholders in accordance with the requirements of the SFC, the Stock Exchange, the Takeovers Code and the Listing Rules.

- 6.2 The Vendor shall make all reasonable efforts to procure the Target Company to provide the Purchaser (or its financial adviser or legal advisers) with all necessary actions and all necessary information and assistance in preparing the offer document to enable the Purchaser to issue the offer document in accordance with Clause 6.1. The Vendor also undertakes to the Purchaser to issue the relevant acquisition announcement in accordance with the time limit and terms stipulated in the Takeovers Code, and to make all reasonable efforts to facilitate the issuance of the offer document. The Vendor also undertakes to procure the Target Company to prepare the offer circular, and to ensure that the offer documents contain the matters and information applicable and necessary for the offer circular pursuant to the requirements of the Takeovers Code. The Vendor and the Purchaser hereby agree that the Vendor shall make all reasonable efforts to procure the Target Company to agree on the announcement and the offer documents prepared by the Purchaser's solicitors (the Vendor shall make all reasonable efforts to procure the Target Company to prepare and provide the contents which has to be prepared by the Target Company, such as the board circular, the financial information and general information of the Target Company, etc.), and the obtaining of the clearance of the announcements and offer documents by the Purchaser's financial advisors or solicitors from the SFC and the Stock Exchange.

7. Closing

- 7.1 **Closing-** Closing shall take place at the office of the Purchaser's solicitors (or at such other place and time as the Vendor and the Purchaser may agree in writing) subject to due fulfilment of all (but not part of) the matters set out in Clause 7. The Vendor or the Purchaser is not obliged to perform the relevant obligations under this clause if the other Party does not perform (or has not performed) all of its obligations simultaneously under this clause.
- 7.2 **Closing Deliveries by the Vendor** – at or before Closing, the Vendor shall deliver the documents below to the Purchaser:
- (a) the duly executed sold notes and standard transfer form in respect of the Sale Shares in favor of the Purchaser (or its nominee), together with

documents of evidence in respect of the Sale Shares;

- (b) all the statutory, registers and financial records (including management accounts of the Target Group as at 30 November 2024, cheque books, bank statement(s) and passbook(s) of all the bank account(s) of the Target Group duly written up to date) and the certificate of incorporation, current business registration certificate, common seal and rubber stamp and, if applicable, documents including material contracts and licences (if any) of the Company;
- (c) such other documents as may be required to give to the Purchaser a good and effective title to the Sale Shares and to enable the Purchaser or its nominees to become the registered holders thereof;
- (d) certified copies of the Vendor's board resolution approving the sale of the Sale Shares;
- (e) any other documents that the Purchaser may reasonably request to give effect to the transfer of the Sale Shares and complete the handover of the Target Group.

7.3 Appointment - The Vendor and the Guarantor jointly and severally undertake to cause the Target Company to appoint the persons nominated by the Purchaser to take office as the executive directors, non-executive directors and independent non-executive directors of the Target Company. Such appointment shall take effect on the earliest date as permitted by the Takeovers Code.

7.4 Closing Deliveries by the Purchaser - Subject to the satisfaction and compliance with the conditions set out in Clause 7.2, the Purchaser shall, at Closing:

- (a) pay the Vendor or its nominee as it may direct, the Consideration;
- (b) deliver a certified copy of the board resolutions of the Purchaser approving the purchase of the Sale Shares; and
- (c) deliver or caused to be delivered duly executed standard form of transfer and bought note in respect of the Sale Shares, in favour of the Vendor.

7.5 Purchaser's Remedy - Unless the Vendor fully complies with the requirements of Clause 7.2, the Purchaser is not obliged to complete the Agreement or

perform any obligations under the Agreement. Without prejudice to any other remedies available to the Purchaser on the Closing Date, the Purchaser may:

- (a) subject to the premise of time is of the essence, postpone the Closing Date to a date no more than 30 days after the original Closing Date (this Clause 7 applies to the postponed Closing Date). If Closing is not completed on the postponed Closing Date, the Purchaser may terminate the Agreement and claim damages against the Vendor; or
- (b) proceed to Closing so far as practicable (without prejudice to its rights) to the extent that the Vendor has not performed its obligations under this Agreement; or
- (c) terminate the Agreement as if the Vendor is in breach of the conditions under the Agreement, in which event the Vendor shall return any part payment of the Consideration and/or other money paid by the Purchaser to the Vendor; or
- (d) demand specific performance of the obligations of the Vendor under the Agreement without prejudice to any other remedies available to the Purchaser under common law or equity law.

7.6 Vendor's Remedy - Unless the Purchaser fully complies with the requirements of Clause 7.4, the Vendor is not obliged to complete the Agreement or perform any obligations under the Agreement. Without prejudice to any other remedies available to the Vendor on the Closing Date, the Vendor may:

- (a) subject to the premise of time is of the essence, postpone the Closing Date to a date no more than 30 days after the original Closing Date (this Clause 7 applies to the postponed Closing Date). If Closing is not completed on the postponed Closing Date, the Vendor may terminate the Agreement and claim damages against the Purchaser; or
- (b) proceed to Closing so far as practicable (without prejudice to its rights) to the extent that the Purchaser has not performed its obligations under this Agreement; or
- (c) terminate the Agreement as if the Purchaser is in breach of the conditions under the Agreement; or
- (d) demand specific performance of the obligations of the Purchaser under the Agreement without prejudice to any other remedies available to the Vendor under common law or equity law.

8. Confidential information and Announcements

Each of the Parties to the Agreement hereby undertakes that, before or after Closing, without the consent of the other Parties (such consent shall be granted subject to specific conditions and under general or specific circumstances, and shall not to be unreasonably withheld or delayed), no Party shall make any announcement in connection with the Agreement or transactions contemplated by this Agreement (except for any press release, other public announcement or disclosure required to be issued, permitted or authorised under laws applicable to any Party or its controlling company, any regulations or rules relating to the relevant securities transaction (including the Listing Rules and the Takeovers Code), or the requirement of regulatory or supervisory body).

9. Further Assurance

Each of the Parties to the Agreement hereby undertakes to the other Parties that he/she/it will (notwithstanding Closing) take all such actions and sign all such deeds and documents as necessary or advisable to give effect to and make effective the Agreement and the transactions contemplated by this Agreement.

10. Waiver

Any waiver by the non-breaching Party of any breach of any provision of this Agreement by the breaching Party shall not be deemed as a waiver of any subsequent breach or a waiver of any breach of any other provisions of this Agreement. Meanwhile, no failure in exercise of any right under this Agreement by the non-breaching Party shall be construed as a waiver of such right.

11. Non-Assignment

This Agreement shall be binding upon and inure to the benefits of the successors or assignees of the Parties. Without the consent of the other Parties, none of the Parties shall assign its rights and obligations hereunder.

12. No Merger

The provisions of this Agreement including all the undertakings, warranties,

representations and indemnities of this Agreement shall remain in full force and effect.

13. Time of Essence

The time, date and period referred to in this Agreement and those time, date and periods in lieu of the foregoing as agreed by the Parties shall be the essence of this Agreement.

14. Illegality and Unenforceability

If any provision of this Agreement is declared illegal, invalid or unenforceable in law, such provisions shall be deemed to have not been included in this Agreement and the validity of the remaining provisions of this Agreement shall not be affected thereby.

15. Entirety

This Agreement and any documents referred to herein constitute the entire agreement between the Parties. Any variation to this Agreement shall be valid only if made in writing and signed by the authorized person of each Party.

16. Costs and Expenses

16.1 **Costs-** Each Party shall bear its own costs and expenses (including attorney fees and transaction costs) for the preparation, execution and performance of this Agreement.

16.2 **Stamp duty-** The stamp duty (if any) payable for the transfer of the Sale Shares will be equally borne by the Vendor and the Purchaser.

17. Execution and Counterparts

This Agreement may be made in one or more counterparts, each of which shall be binding on the Parties or their representatives, but all counterparts together constitute a single document. For the avoidance of doubt, this Agreement shall not be binding on all Parties unless and until all Parties or their representatives have signed this Agreement.

18. Governing Law, Jurisdiction and Process Agent

18.1 **Governing law.** This Agreement shall be governed by and construed in accordance with the laws of Hong Kong. Any claim or matter arising under this Agreement shall be irrevocably submitted to the non-exclusive jurisdiction of the Hong Kong courts.

18.2 **Non-exclusive jurisdiction.** No provision in this Agreement shall be deemed to restrict the rights of either Party to bring a lawsuit against another Party in any court with jurisdiction. Litigation initiated or conducted in any jurisdiction does not constitute a limitation or exclusion of litigation initiated or conducted simultaneously in another jurisdiction.

18.3 The Vendor hereby irrevocably appoints Cheung, Kwok Fai Adam of Flat 9, 2/F, Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong as its process agent to receive on its behalf service of notices, demands, other communications, legal actions or other legal process arising from or relating to this Agreement in Hong Kong. The Vendor hereby agrees that any such legal process of a court or arbitral tribunal (including any writs and originating summons or any other summons or notifications in other forms) which are delivered by others to the Vendor shall be sufficiently and properly served on it if:

- i. it is given or delivered personally to the process agent; or
- ii. it is given by prepaid mail to the above address or other address provided by the Vendor or the process agent, forty-eight (48) hours after it is posted.

18.4 The Purchaser hereby irrevocably appoints David Fong & Co. of Unit A, 12th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong as its process agent to receive on its behalf service of notices, demands, other communications, legal actions or other legal process arising from or relating to this Agreement in Hong Kong. The Purchaser hereby agrees that any such legal process of a court or arbitral tribunal (including any writs and originating summons or any other summons or notifications in other forms) which are delivered by others to the Purchaser shall be sufficiently and properly served on it if:

- (a) it is given or delivered personally to the process agent; or
- (b) it is given by prepaid mail to the above address or other address provided by the Purchaser or the process agent, forty-eight (48) hours after it is posted.

19. Notices

19.1 **Address.** Notices, requests or other communications issued or made under this Agreement shall be in writing and delivered or sent to the relevant Party at the address set out below (or other address designated by the recipient by giving the other Parties two (2) Business Day's prior written notice):

i. To the Vendor

Wonderful Renown Limited

Address: Sertus Chambers, P.O. Box 905, Quastisky Building,
Road Town, Tortola, British Virgin Islands
Attention: Cheung Kwok Fai Adam

ii. To the Guarantor

Cheung Kwok Fai Adam

Address: Flat 9, 2/F, Hang Bong Commercial Centre, 28
Shanghai Street, Jordan, Kowloon, Hong Kong

iii. To the Purchaser

China Alliance Venture Limited

Address: Unit A, 12th Floor, China Overseas Building, 139
Hennessy Road, Wanchai, Hong Kong
Attention: Mr. Zhou Zhenlin

19.2 **Delivery** - Any notice under or in connection with this Agreement shall be delivered personally or by first-class mail.

19.3 **Service** - Notices under this Agreement shall be deemed to have been duly served as follows:

- (a) notices given by personal delivery shall be deemed officially delivered upon delivery to the recipient; or
- (b) notice given by mail shall be deemed to be officially delivered forty-eight (48) hours after the post office has sent the mail.

19.4 **Proof of Delivery**- In proving the formal delivery of a notice it shall be sufficient

to prove that the notice was delivered by personal delivery or the envelope containing the notice was properly addressed and served to the post office for safekeeping (as the prepaid first-class mail).

- 19.5 **Acknowledgement** – In executing this Agreement, it is hereby acknowledged that David Fong & Co. acts as legal counsel to the Purchaser only in connection with this Agreement. The other Parties are properly advised to seek independent legal advice and obtain separate legal representatives.

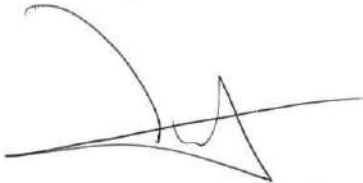
IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the day and year first above written.

VENDOR

SIGNED by Cheung Kwok Fai Adam)
For and on behalf of)
Wonderful Renown Limited)

) 冼國輝

In the presence of)



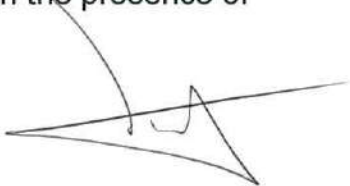
TSOI HOI YEUNG
Solicitor, Hong Kong SAR
Messrs. Loong & Yeung

GUARANTOR

SIGNED by)
Cheung Kwok Fai Adam)

) 冼國輝

In the presence of)



TSOI HOI YEUNG
Solicitor, Hong Kong SAR
Messrs. Loong & Yeung

PURCHASER

SIGNED by Zhou Zhenlin)
For and on behalf of)
China Alliance Venture Limited)
In the presence of *Shin Ho Chuen*)

Handwritten signature in Chinese characters, reading "周振林" (Zhou Zhenlin).

Schedule 1

Particulars of the Target Company

Name of Company	:	CHINA WACAN GROUP CO. LTD.
Registered Office	:	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Principal Place of Business in Hong Kong	:	Room 9, 2/F Hang Bong Commercial Centre 28 Shanghai Street Jordan, Kowloon Hong Kong
Place of Incorporation	:	Cayman Island
Date of Incorporation	:	30 January 2019
Registration Number	:	347793
Directors	:	<u>Executive Directors</u> Mr. Zhou Zhenlin (Chairman) Mr. Cheung Kwok Fai Adam Mr. Ng Sheung Chung Mr. Ma Kan Sun <u>Independent Non-Executive Directors</u> Ms. Ding Xin Mr. Zhu Qi Ms. Zhang Lingke
Secretary	:	Mr. Tsui Chun Hung
Authorized Share Capital	:	HK\$40,000,000 divided into 400,000,000 Shares of HK\$0.1 per share
Issued Share Capital	:	312,000,000 Shares

Auditor : Wilson & Partners

Mortgages and Charges : Nil

Other Issued Securities : N/A
(including convertible bonds or
other securities convertible
into the Shares)

Schedule 1A

Members of the Target Group Company

Company Name	Place of incorporation	of Authorized Share Capital / Registered Capital	Issued Share Capital/Equity Owned		Major Business
			Directly Held by the Target Company	Indirectly Held by the Target Company	
Autumn Well Limited	British Virgin Islands	US\$1	100%	N/A	Investment holding
Pak Fai Engineering Limited	Hong Kong	HK\$300,000	N/A	100%	Provision of wet trades works services
Ma Yau Engineering Limited	Hong Kong	HK\$300,000	N/A	100%	Provision of wet trades works services
Pak Fai Plastering Works Limited	Hong Kong	HK\$10,000	N/A	100%	Provision of wet trades works services
Conform Technology Limited	Hong Kong	HK\$10,000	N/A	100%	Provision of construction information technology services
Creative Panda Limited	British Virgin Islands	US\$2	N/A	100%	Investment holding

Company Name	Place of incorporation	of Authorized Share Capital / Registered Capital	Issued Share Capital/Equity Owned		Major Business
			Directly Held by the Target Company	Indirectly Held by the Target Company	
Vantage Charm Limited	British Virgin Islands	US\$2	N/A	100%	Investment holding

Schedule 2

Warranties

Except otherwise disclosed in this Agreement, the prospectus, annual/interim report(s), annual/interim results announcement(s) and such other documents published on the website of the Target Company and all findings that come to knowledge of the Purchaser and/or its legal or financial advisers during the due diligence exercise against the Target Group, the Warrantors hereby jointly and severally makes the following representations, warranties and undertakings to the Purchaser, and all representations and facts statements listed in Schedule 2 or included in this Agreement are true and accurate to the best of his/its knowledge, information and belief in all material respects at all times as of the date of this Agreement and as at the Closing Date.

1. General Matters

- 1.1 The information in Schedule 1 and Schedule 1A to this Agreement is true, accurate and complete in all material respects.
- 1.2 The issued share capital, equity interests or other entitlements of each of the Target Group Companies with which the shareholders have the power to appoint directors, managers or trustees, are free and clear of any Encumbrances, together with all rights and interests attaching thereto. None of the Target Group Companies has agreed to issue or allot any securities or other ownership interests.
- 1.3 The Target Company has no other subsidiaries or affiliates other than the Target Group Companies.
- 1.4 Other than the Target Group Companies (other than the Target Company), the Target Company will not become the owner or registered holder of any shares, equity interests or any securities interests of any corporate body, partnership, joint venture/association or any other capital, at present and at Closing, wherever such corporate body, partnership, joint venture/association or capital are registered or established, nor will the Target Group directly or indirectly hold any interests in such corporate body, partnership, joint venture/association or capital.
- 1.5 The Target Company does not have any investment or interests in any other aspect other than the Businesses of the Target Group Companies (except the Target Company).

2. Compliance with Laws

- 2.1 Each of the Target Group Companies has properly and appropriately complied with all the requirements for filing or registration of corporate or other documents under the relevant laws of its place of establishment.
- 2.2 The Target Company has at all times complied with the requirements of the Listing Rules and the Takeovers Code after its listing on the Main Board of the Stock Exchange. The Target Company has not received any enquiries from and is not subject to investigation by, the Stock Exchange or the SFC on any breach of the Listing Rules or the Takeovers Code.
- 2.3 The statutory books, meeting minutes or other equivalent documents of each of the Target Group Companies have been properly filled in all respects in compliance with the legal requirements of each of the Target Group Companies. The shareholding records of all equity interests, registered capital, bonds or other securities held by each of the Target Group Companies are properly kept in the principal place of business of each of the Target Group Companies.
- 2.4 The register of members, register of shareholders, register of directors, register of mortgages and charges (if applicable) or equivalent documents of each of the Target Group Companies are correct, and to the knowledge of the Warrantors, none of the Target Group Companies has received any application or request for corrections to register of members, register of shareholders, register of directors, register of mortgages and charges and there is no circumstance happened or occurring that may cause an application or request to correct such registers.
- 2.5 (a) None of the Target Group Companies has violated or breached any applicable laws, rules or regulations or has been investigated, questioned, condemned or questioned by any statutory or regulatory body in Hong Kong or elsewhere. To the knowledge of the Warrantors, none of the Target Group Companies are subject to investigation by any statutory or regulatory body in Hong Kong or elsewhere.
- (b) Each of the Target Group Companies has complied with all applicable laws, rules or regulations in all material respects, and has complied with and obtained all Business Licences as required to conduct its Businesses, and prior to Closing will comply with all legal or regulatory requirements regarding any transaction to which it is a party or regarding the Businesses.

- (c) All the returns, details, resolutions or documents required to be filed by the Target Companies in the Companies Registry or any other relevant authorities in Hong Kong or elsewhere under the Business Licences or the Companies Ordinance or any other applicable laws, rules or regulations are properly filed and are correct and accurate in all material respects.
- (d) Each of the Target Group Companies has full power, qualifications and statutory rights to own its Assets and to conduct its Businesses in jurisdictions in which it currently operates or prepares to conduct Businesses.
- (e) None of the Target Group Companies, either individually or through others,
 - (i) is in breach of any laws or rules and regulations that bind or restrict such Target Group Company, or its memorandum, articles of association, by-laws, or the provisions of the trust deed, agreements or permits to which it is a party, or any Encumbrances or covenants given by such Target Group Company;
 - (ii) has entered into any transaction which has not been completed and which is unenforceable or likely to be unenforceable due to ultra vires acts, invalidity, illegality thereof or invalidity attributable to other contractual parties; or
 - (iii) has failed to take any act (needed or allowed) as required to protect the title to its owned Assets, to enforce or preserve the order of priority of the title to its owned Assets.

3. Shares, Equity Interests and Stock Options

- 3.1 On the date of this Agreement, the Vendor is the beneficial owner of the Sale Shares and has full power to enter into this Agreement, perform the obligations under this Agreement and perform the transactions contemplated by this Agreement, including but not limited to: having full legal right to sell the Sale Shares. The Warrantors warrant and undertake that the Sale Shares transferred by the Vendor to the Purchaser at Closing include beneficial ownership thereof.
- 3.2 The Vendor has good and sufficient power to transfer the good title to the Sale Shares in accordance with this Agreement and to transfer the legal and beneficial ownership of and interests in the Sale Shares to the Purchaser.
- 3.3 Any part of the unissued share capital or the loan stock of the Target Group Companies is not subject to any Encumbrances, and there is no agreement or commitment to grant or create such Encumbrances, and there is no outstanding or pending claims brought by any person entitled to the benefits of the above-mentioned Encumbrances.
- 3.4 The Sale Shares is not subject to any Encumbrances, equitable interests, claims or any adverse interests at present or at Closing.
- 3.5 There are no outstanding warrants, options, derivatives, agreements or commitments which may require any of the Target Group Companies to allot or issue any shares, other securities or bonds, or grant any person a right to request the Target Group Companies to allot or issue the above shares or interests.

4. Corporate Affairs

- 4.1 Each of the Target Group Companies is properly and duly established or constituted and validly existing in accordance with the laws of its place of establishment.
- 4.2 All Encumbrances in favor of or created by any of the Target Group Companies have, if applicable, been registered with the relevant registries or agencies in accordance with relevant laws, rules or regulations.
- 4.3 Each of the Target Group Companies owns, maintains or controls: -
 - (a) the signed copies of all the material agreements to which it is a party;

- (b) all other documents of a material nature that are owned or ought to be kept by it.

4.4 The memorandum, articles of association (or other equivalent documents) of each of the Target Group Companies provided to the Purchaser are true, accurate and complete and there is no or after the date hereof there will not be, any change thereto.

5. Accounts

5.1 Target Group's Accounts

- (a) are prepared in accordance with all applicable laws of the jurisdiction in which the Target Group Company operates and the generally accepted accounting principles or applicable financial reporting principles and practices (including all applicable accounting practices).
- (b) are true and fair, and are either provided for or fully make full provision for any identified Liabilities (including dividends or other profit distributions), including but not limited to limited deductions for litigation, and are properly and sufficiently provided for (or marked with notes in accordance with standard accounting practices for) all claims made by third parties against any of the Target Group Companies, if not included in the insurance policy, and for all delayed, disputed or contingent liabilities as well as all the capital commitments of each of the Target Group Companies as of the Target Group's Accounts date, and the provisions and reserves for all capital commitments of each Target Group Company on the Target Group's Accounts date, and provisions and reserves (if any) for all taxes on the Target Group's Accounts date or any prior period thereof are proper and sufficient.
- (c) present a true and fair view of the state of affairs, financial and business conditions of each Target Group Company ended on the Target Group's Accounts date, and show a true and fair view of the performance thereof for the financial period made up to the Target Group's Accounts date.
- (d) the Assets owned by each of the Target Group Companies on the Target Group's Accounts date have been correctly recorded, and the depreciation rate used therein is appropriate for each of the fixed Assets of each Target Group Company to write down the value of such Assets to nil after the end of their estimated lives.

- (e) the same depreciation basis as consistently applied in the past accounts is applied for fixed Assets.
- (f) have not been adversely affected by any unusual, exceptional, special or non-recurring items which have not been disclosed in the Target Group's Accounts.

5.2 Except in the ordinary course of business of each Target Group Company, or except for matters disclosed in the interim report of the Target Group or in the announcement of the Target Company or otherwise, as of the Audited Accounts Date—

- (a) None of the Target Group Companies has entered into an unusual or special contract or is bound by long-term or cumbersome commitments, and has acquired or disposed fixed or long-term Assets or has entered into any material contract with the same effect.
- (b) None of the Target Group Companies has borrowed or lent a sum in excess of HK\$6,000,000 in aggregate that have not been repaid, or increased any indebtedness (with or without collateral) or incurred or entered any other indebtedness in excess of HK\$6,000,000 in aggregate.
- (c) None of the third parties has become entitled to terminate any material contracts or material interests enjoyed by any of the Target Group Companies, or to demand repayment of any amount or debt prior to the scheduled due date.
- (d) None of the Target Group Companies has granted or created any Encumbrances or other financial facilities, financial leases, hire purchase commitments or other obligations on all or part of its Assets, which may cause such company to be bound by continuingly expected or contingent debts after the date hereof.
- (e) The Businesses have been conducted normally in the ordinary course and consistent with past practice (both in nature and scope); none of the Businesses is subject to unusual factors in material respects.
- (f) None of book value of any fixed Assets has been raised and no debts are written off, and the Assets of each of the Target Group Companies are not depleted by illegal acts of any person.
- (g) Each of the Target Group Companies pays its creditors for all of its debts as they become due and payable in the ordinary course of business and

in accordance with the generally accepted trade practices in the markets in which it carries out business, and none of the material payments remains overdue. None of the Target Group Companies has made payment to any person for transactions not concluded at arm's length.

- (h) There has been no Material Adverse Effect on the business prospects, financial position and business of each of the Target Group Companies as a consequence of any events or circumstances occurring after the Audited Accounts Date, and none of such Material Adverse Effect will be expected to happen in the foreseeable future on the part of any Target Group Companies.
- (i) Except in the ordinary course of business, none of the Target Group Companies incurred capital expenditures, nor has it entered into any agreements, arrangements or commitments to make such expenditures. None of the Target Group Companies has incurred any significant capital commitments or participated in any program or project that requires high non-recurring expenses.
- (j) None of the Target Group Companies holds any Encumbrances that are invalid or unenforceable against the grantor.
- (k) None of the Target Group Companies has issued, repurchased, redeemed or repaid or agreed to issue, repurchased, redeemed or repay any shares, equity interests or loan stock.

5.3 All data and information stated in the Target Group Accounts are true and correct in all material respect.

5.4 Accounts, ledgers and other financial records of whatever kind of each of the Target Group Companies (including but not limited to statutory and accounting records) –

- (a) are and will be under the possession of such company;
- (b) have been and will be properly and accurately recorded;
- (c) there is and there will be no major inaccuracies or differences of any kind;
- (d) give a true and fair reflection of its commercial transactions, financial, contractual and business conditions, Assets and Liabilities, debtors and creditors at present and at Closing; and

- (e) are and will be properly recorded and maintained in accordance with relevant laws, generally adopted accounting principles or applicable financial reporting principles.

6. Businesses

- 6.1 The operations of the Businesses of each of the Target Group Companies are within their authority and only in the name of the respective companies, do not infringe the proprietary rights or interests of any person, and there is no liability to pay patent royalties or other similar expenses, and such Businesses or activities do not violate any laws or third party rights and interests in Hong Kong or elsewhere.
- 6.2 The distribution of dividends or profits (if any) declared, made or paid by each of the Target Group Companies is declared, made or paid in accordance with its articles of association, other similar constitutional documents or applicable laws in the Cayman Islands, Hong Kong or elsewhere.
- 6.3 Each of the Target Group Companies has obtained all necessary Business Licences (whether issued by the public or private sector) to own its Assets and validly conduct its Businesses in the manner and at the place as currently conducted and in the place where the products or services of each Target Group Company are sold or provided. Such Business Licences remain in full force and effect, and terms thereof are valid and binding. There are no circumstances that are likely to result in a breach of any terms and conditions of such Business Licences, and nothing has been done by any Target Group Company which might result in, give rise to or incur the suspension, termination, revocation or cancellation of such Business Licences, or might affect the validity, renewal or reissue of such Business Licences. There are no modifications, changes or transformation, or suggested modifications, changes or transformation to such Business Licences.
- 6.4 Each of the Target Group Companies is not in default under any terms of such Business Licences (including the requirements for declaration, reporting or providing information). None of the Warrantors is aware of, or after making reasonable enquiries ought to be aware of, or knows any circumstances likely to give rise to invalidity or forfeiture, amendment of the Business Licences or (if a renewable Business Licence is involved) factors that may affect the renewal of the Business Licences.
- 6.5 Each of the Target Group Companies makes no representations, warranties or other terms (whether express or implied) in respect of any of its services (except

as required by law), and there are no material outstanding liabilities (including contingent liabilities) resulting from maintaining or replacing terms for such services.

- 6.6 Each of the Target Group Companies has not (except in the ordinary course of business and subject to confidentiality obligations) disclosed, agreed to disclose or authorized the disclosure of, any supplier and customer information, trade secret or confidential information relating to the Businesses, and all of the above information is completely and properly recorded in writing or in other proper way, and there is no inaccuracy, incompleteness or impropriety in any respect.
- 6.7 The Businesses of each of the Target Group companies are solely managed by their responsible personnel and employees, and no other person has the authority to bind the acts of such personnel and employees during their performance of duties.
- 6.8 All major outstanding obligations of any Target Group Company to any third party have been properly performed and discharged in each case, and such Target Group Company is not required to pay further consideration and bear further liability therefor.
- 6.9 No power of attorney granted by any of the Target Group Companies remains valid and each of the Target Group Companies has not granted any power of attorney in favor of any third party.
- 6.10 There are no agreements or authorizations (express or implied) that are still valid to grant third parties the right or power to sign any agreement or do any things on behalf of the Target Group Companies, or to grant to any persons the other right of delegation or power of attorney.
- 6.11 Any connected transaction (as defined in the Listing Rules) that needs to be disclosed in accordance with the Listing Rules or other statutory regulations has been approved by the Board of Directors. No major transactions, commitments or negotiations which have not been disclosed or authorized have been or will be entered into or agreed to be signed by any of the Target Group Companies or their respective directors or authorized representatives on behalf of any of the Target Group Companies.
- 6.12 Except for matters as disclosed in the prospectus, the annual reports, the interim reports and the annual results announcements published by the Target Company or the announcements published by the Target Company on the Stock Exchange, there are no material contract or arrangement made by any

of the Target Group Companies as a party, while the Vendor or its connected persons or directors of any of the Target Group Companies or connected persons of such directors have or once had direct or indirect interest therein.

- 6.13 There is no pending material legal, administrative, arbitration or other proceedings challenging the validity of the Businesses or any other business operations of any of the Target Group Companies, and to the knowledge of the Warrantors, there are also no such proceedings threatened against the Target Group Companies.

7. **Financial Matters**

- 7.1 Except for items disclosed in the Target Group's Accounts or the announcements published by the Target Company on the Stock Exchange, no material indebtedness is due and payable to (i) the Warrantors; (ii) third parties for any due but unpaid loan/debts or credit; (iii) any bank or financial institution, such that there is no overdue but delinquent Bank Loans and amount due to the Warrantors payable by each of the Target Group Companies at Closing which need to be borne or caused to be borne by the Warrantors in order to achieve the same effect. And the amount owed by or payable by any of the Target Group Companies to the persons as mentioned in the above Item (i) and (iii) which are discovered after Closing will not be recoverable from any of the Target Group Companies in each case.
- 7.2 Except for the items disclosed in the Target Group's Accounts, each Target Group Company does not have any material outstanding liabilities that have not been disclosed to the Purchaser.

8. **Machinery and Assets**

- 8.1 The Assets of each Target Group Company as recorded in the Target Group's Accounts, including all equipment, computer hardware, software and databases as required to maintain operation, are in reasonably good conditions and safe and in operating condition in all material respects (except for normal wear and tear), and are regularly and properly maintained.
- 8.2 The Assets included in the Target Group's Accounts and those owned by the Target Group Companies:
- (a) are legally and beneficially owned by each of the Target Group Companies, except for collateral for Bank Loans arising in the ordinary

course of business, free and clear of any Encumbrance, material hire purchase agreement, or agreement on delayed payment or bills of sale;

- (b) are under the custody and control of the relevant Target Group Company ;
- (c) constitute all of the material assets, properties and rights owned by the Target Group Companies, or constitute all of the assets, properties and rights as used or required to operate or maintain their Businesses.

- 8.3 Each of the Target Group Companies has good title to any machinery and equipment owned by it or the machinery and equipment used for production or services (collectively "Machines") free and clear of any claims, charges, mortgages, liens, lease agreements, leases, commitments, restrictions, conditions or other agreements; the Target Group Companies have exclusive and unrestricted possession of the Machines.
- 8.4 The title to each Machine is properly constituted by and can be deduced from documents of title which are in the possession and under the control of the Target Group Companies.
- 8.5 The insurance purchased by the Target Group Companies are not subject to any special or unusual terms or restrictions, nor are they required to pay any insurance premium above the normal rate of the like insurance policy and relevant machine policy. To the knowledge of the Warrantors, there is no insurance required but not purchased by the Target Group Companies.
- 8.6 The Target Group Companies have not granted, agreed to grant, will not grant or will not agree to grant, any lease or permit relating to the Machines prior to the Closing; The Target Group Companies has not divided or agreed to divide all or any part of title to the Machines in any form; the Target Group Companies also does not intend to divide the same before the Closing.
- 8.7 With respect to any material Assets which are used but not owned by any of the Target Group Companies, or facilities or services provided by any third party to any of the Target Group Companies, there are no events or circumstances that allow a third party to terminate any rights to use material Assets or any agreement or license regarding the provision of the facilities or services (or any event or situation which would, with the giving of notice or lapse of time or related decisions, will constitute the above events or circumstances).
- 8.8 All office furniture and equipment are in good condition and capable of being used or sold in the ordinary course of business of each Target Group Company.

8.9 All of the debts payable to each of the Target Group Companies (after deduction of any provision and reserves for bad and doubtful debts stated in the Target Group's Accounts) are substantially recoverable in general.

8.10 None of the Target Group Companies owns or agrees to purchase stock, equity interests, bonds or any other securities of any company.

9. Insurance

9.1 To the knowledge of the Warrantors, the Target Group Companies are adequately covered by insurance policies that are required to be purchased by laws and regulations, and there is no insurance required by laws but not purchased by the Target Group Companies.

9.2 The insurance policies purchased by the Target Group Companies are fully paid for all due premiums and has been fully fulfilled and complied with all policy conditions. Nothing has been done or omitted to be done which could make any of them void or voidable, and all policies are valid in any respect.

9.3 No insurer has rejected or disputed about any pending claims filed by a third party against any of the Target Group Companies under insurance policies.

9.4 The Warrantors are not aware of the existence of any circumstances which are likely to give rise to the right of the Target Group Companies to make a claim under policies, or any circumstances under which a notice should be given to the insurer under policies but such notice has not been given.

10. Taxation

10.1 Each of the Target Group Companies has complied with all legal requirements relating to the registration or notification for taxation purposes, and complied with all applicable taxation laws.

10.2 Each of the Target Group Companies

(a) has paid all taxes due on the Closing Date;

(b) has taken all necessary steps to obtain tax refund or tax relief available.

- 10.3 All declarations, notifications, documents, calculations and payments required for each of the Target Group Companies in respect of taxation in Hong Kong or elsewhere are properly made, and all such declarations, notifications, documents, calculations and payments are up to date, correct and based on appropriate benchmarks and there are no disputes with any relevant Tax Authority.
- 10.4 All provisions (if any) made in the Target Group's Accounts sufficiently cover all taxes liable or likely to be liable by the Target Group Companies prior to or at any time after the Audited Accounts Date or the preceding accounting period of the Target Group.
- 10.5 There are no disputes between the Target Group Company with any Tax Authority, and the Warrantors are not aware of any pending or threatened disputes.
- 10.6 (a) Each of the Target Group Companies is not subject to tax liability arising from a series or single Tax Matters (including any Tax Matter arising from any transaction conducted prior to Closing) occurring on or before the Closing Date, whether such taxes are imposed on or attributable to others, provided that such taxes arise from the Tax Matters occurring on or before the Closing Date, while such taxes will not become exempted by set-off against tax relief arising from the certain Tax Matters occurring after the Closing Date;
- (b) Each of the Target Group Companies is not liable to pay taxes which ought not to be liable but become liable as a result of the loss, reduction, amendment or cancellation of certain tax relief arising from the Tax Matter occurring on or before the Closing Date, while such tax relief is reflected as asset in the Target Group's Accounts, or stated in the notes of the Target Group's Accounts, or taken into accounts when calculating any provision (whether for deferred tax) in the Target Group's Accounts, or such taxes become liable due to failure of making provision for deferred tax in the Target Group's Accounts. If any taxes ought to be refunded but the right of tax refund is deprived, reduced, set off or cancelled as a result of the Tax Matters occurring on or before the Closing Date, such taxes, for the purpose of the Paragraph 10.6(b), shall be deemed as tax payable by each of the Target Group Companies as a result of the Tax Matters.
- (c) Each of the Target Group Companies is not subject to tax liability under the Encumbrances created on or before the Closing Date.

10.7 Paragraph 10.6 does not apply to the following tax liability:

- (a) Taxes generated in the ordinary course of business of the Target Group Companies;
- (b) Specific provisions are made for these taxes in the Target Group's Accounts, and the relevant Target Group Company has fulfilled these tax liabilities;
- (c) Tax liability arises only because the provisions or reservations made in the Target Group's Accounts for such liability becomes insufficient due to the increase in any tax rate with retroactive effect as published after the Closing Date;
- (d) Such tax liability arises as a result of a law which comes into effect after the Closing Date with retroactive effect.

11. Employment Arrangement

11.1 All service or employment contracts to which any of the Target Group Companies is a party can be terminated for no more than three months' notice or without compensation (in accordance with the Employment Ordinance (Cap. 57) or equivalent provisions in other jurisdictions).

11.2 Same as disclosed in Schedule 5, none of the Target Group Companies is liable for any compensation/damages arising from its breach of service contract, improper dismissal or unfair dismissal, payment of salary, wages, pension, ex-gratia payment, contract gratuity, long service payments, bonuses or any other payments to any former employee whose income exceeds HK\$5,000,000 (whether actual or contingent, regardless of whether the Target Group has disputed). For former employees whose income exceeds HK\$50,000, all taxes, levies, contributions or payments made to any government department, pension fund, plan or trust or any other person have been fulfilled without any dispute.

11.3 There is no unpaid significant salary or labor insurance, mandatory provident funds, social security or other similar payments due to the responsible person or employee at any time prior to the date of this Agreement.

11.4 Except for normal employment salaries, remuneration, or allowances, none of the Target Group Companies must pay or is used to paying, remuneration or any other physical benefits to its employees or staff.

11.5 Each of the Target Group Companies has complied with its obligations to its employees under all laws relating to employee relationship.

12. Properties and Leases

12.1 Properties include all the lands and premises listed in Schedule 3 by the Target Group Company, and the details of all the property rights, interest, right and title of the Target Group Companies in, under, over or in respect of any land or premises are correct and not misleading.

12.2 Except for the mortgages relating to Bank Loans arising in the ordinary course of business (where applicable), each of the Target Group Companies has good title to the Properties free and clear of any claims, charges, mortgages, liens, leases, tenancies, covenants, restrictions, conditions or other agreements affecting the same; Target Group Companies have exclusive and unrestricted possession of Properties.

12.3 The title to each of the Properties is properly constituted by and can be deduced from documents of title which are in the possession and under the control of the Target Group Companies; Such registered property rights are absolutely owned property rights.

12.4 There are no covenants, restrictions, burdens, stipulations, conditions, terms or outgoings affecting the Properties which are of an unusual or onerous nature or which affect the use or intended use of the Properties and there are no matters which adversely affect the value of any of the Properties or cast any doubt on the right or title of the Target Group Companies thereto.

12.5 All covenants, restrictions, regulations, conditions and other terms affecting the Properties have been complied with and fulfilled. There are no circumstances which would entitle or require any owner or other person to exercise any land resumption and the recovery of the Properties or to restrict or terminate the continued occupation of any part of the Properties.

12.6 The present use of the Properties is the permitted use for the purpose of the relevant planning or building regulations and is not adversely affected or likely to be adversely affected by any planning proposals and each of the Target Group Companies is not a temporary user or user subject to onerous or unusual conditions giving rise to abnormal expenditure.

- 12.7 No development has been carried out in relation to the Properties which would require any consent under or by virtue of the relevant planning or building regulations or any other relevant legislation without such consent having been properly obtained and any conditions or restrictions imposed thereon have been fully observed and performed, and no application by the Target Group Companies for planning has been refused.
- 12.8 The Properties are not affected by any order or notice of or proceedings involving any governmental or local authority or other body or any agreement with any of the same or by any notices served by the Target Group Companies on any such authority or body.
- 12.9 Properties comply with all laws, regulations, by-laws and other relevant legislation.
- 12.10 The Target Group Company has not entered into any agreements with any water, sewerage or other utilities authority for the supply of water sewerage or other facilities to or from the Properties or mains or other equipment laying and has not deposited any moneys with any such authority as security therefor.
- 12.11 No structural or other material defects have appeared in respect of or affecting the buildings and structures on or comprising the Properties or any parts thereof and all such buildings are in good and substantial repair and condition.
- 12.12 There are not in force or required to be in force any licences under any applicable legislation or regulations which apply to any of the Properties.
- 12.13 All leases and tenancies and all agreements for leases and tenancies granted by the Target Group Companies are disclosed herein and are on terms negotiated or (in the case of options) to be negotiated at arm's length as between a willing landlord and a willing tenant at the full market rent (as at the time of the grant of the lease or tenancy or agreement for lease or tenancy as the case may be).
- 12.14 Save for the matters disclosed in the prospectus published by the Target Company, the annual reports, the interim reports and the annual results announcement or the announcements made by Target Company on the Stock Exchange, the Target Group Companies are not aware of any reason why the existing leases of such of the Properties as are leasehold should not be renewed on their expiry or a fresh lease granted on terms materially no less favorable to the Target Group Company (save as regards reasonable commercial increases in rent).

12.15 Save for the matters disclosed in the prospectus published by the Target Company, the annual reports, the interim reports and the annual results announcements or the announcements made by Target Company on the Stock Exchange, each of the Target Group Companies has not granted or agreed to grant nor will it grant or agree to grant before the Closing any tenancies or licences in respect of the whole or any part of the Properties nor has each of the Target Group Companies parted with possession of or agreed to part with possession of the whole or any part of the Properties in any manner whatsoever nor will it do so before the Closing.

12.16 Copies of any mortgages, charges or debentures affecting any of the Properties have been produced to the Purchaser, and each of the Target Group Companies has not committed and will not commit any material breach thereof prior to or on the Closing Date.

13. Loan

13.1 Each of the Target Group Companies does not have any debentures.

13.2 Except in the ordinary course of business and except for the items disclosed in the Target Group's Accounts, there is no letters of credit, overdrafts, loans or other financial facilities outstanding or available to any of the Target Group Companies.

13.3 Except for those arising other than in the ordinary course of business as recorded in the Target Group's Accounts, no material loans were granted to any of the Target Group Companies.

13.4 Each of the Target Group Companies does not sell any receivables or engage in any financial or fiscal activity that does not need to be displayed or reflected in the Target Group's Accounts.

13.5 Except as recorded in the Target Group's Accounts and as disclosed, none of the Target Group Companies has any outstanding debts or Encumbrances, or has created, agreed or permitted to create any outstanding debts or Encumbrances.

13.6 The amount borrowed by each Target Group Company (as determined by the relevant instrument or document) does not exceed any borrowing restrictions as provided in the memorandum, articles of association or other equivalent constitutional documents, or any other binding debentures, deeds or documents.

- 13.7 None of the debts owed by the Target Group Companies becomes payable before its maturity date due to the default of any of the Target Group Companies. There is no event of default or pending event of default which, together with lapse of time, performance of conditions or notice, would cause the debt acceleration in which case the debt needs to be repaid before the maturity date.
- 13.8 There is no outstanding loan or debt or payment owed by or payable by the Warrantors to any of the Target Group Companies and vice versa.
- 13.9 Save as disclosed in the Audited Accounts, none of the Target Group Companies has any outstanding shareholder loans.

14. Litigation

- 14.1 Save as disclosed in Schedule 5 to this Agreement, none of the Target Group Companies is the subject of any litigation, arbitration, prosecution, other statutory, regulatory or governmental organization law, contract or professional disciplinary proceedings, hearing or condemnation, any dispute, any investigation, nor is it the subject of any pending claims, any complaint or warning given by any authority located in the place where each of the Target Group Companies operates. There is no pending litigation, arbitration, prosecution, other law, contract or professional disciplinary proceedings or investigation on the part of any of the Target Group Companies, whether brought by or against the relevant company. There are no facts or circumstances that would result in the occurrence of any such litigation, arbitration, prosecution, proceedings, investigations, hearings, any disputes or any payment. There are also no judgments or court orders that have not been performed or satisfied by any of the Target Group Companies. To the knowledge of the Warrantors, there is no litigation, arbitration, prosecution, other laws, contracts or professional disciplinary proceedings or investigations threatened against any of the Target Group Companies.

15. Contracts and Undertakings

- 15.1 From the Audited Accounts Date, each of the Target Group Companies has carried out its Businesses normally in the ordinary course. Except as referred to herein or contemplated by this Agreement, none of the Target Group Companies has entered into any transactions or incurred any significant debts from the Audited Accounts Date, other than in the ordinary course of business and based on normal commercial terms and at arm's length.
- 15.2 Except for Bank Loans arising in the ordinary course of business, none of the Target Group Companies has received any formal or informal repayment

notices issued in accordance with any loan agreement (or loan-like liabilities) demanding immediate repayment.

- 15.3 None of the Target Group Companies is liable for any obligations which cannot be performed on time or satisfied without unreasonable or unusual expenses or acts and which have a Material Adverse Effect, nor is it a party to such contracts.
- 15.4 No party with whom any of the Target Group Companies has entered into any material contracts or arrangements is materially in default thereunder in the financial, commercial or business respect of the Target Group Companies, and there is no circumstance that may give rise to such default.
- 15.5 None of the Target Group Companies:
- (a) is in default of any of its obligations or restrictions under any material contract or arrangement to which it is a party or by which it is bound;
 - (b) is liable for any representation or warranty (whether express or implied) that has a Material Adverse Effect.
- 15.6 None of the Target Group Companies has any contracts, participation or obligations which are not concluded in accordance with normal commercial terms, whether conditional or controversial, other than those recorded in the Target Group's Accounts or in the ordinary course of business of each of the Target Group Companies.
- 15.7 For each of the Target Group Companies, there is no
- (a) contractual arrangements which may or will be legally terminated by the signing or completion of this Agreement;
 - (b) power of attorney still in force to grant or benefit a third party, authorizing any person to sign any agreement or do anything on its behalf other than in the ordinary course of business.
 - (c) material contracts and arrangements which are not concluded at arm's length;
 - (d) unusual and long-term contracts, or no nature and liability involved in the contracts requires special attention or are not capable of being carried out or performed on time without unreasonable or unusual expenditure or conduct;

(e) contracts or arrangements between itself and the Warrantors or those associated with the Warrantors.

15.8 No contract or arrangement to which any of the Target Group Companies is a party is required to be registered with any authority or government department for the signing or completion of this Agreement.

15.9 At Closing, there will be no material and outstanding contracts, liabilities or commitments between each of the Target Group Companies and the Warrantors.

15.10 Except in the ordinary course of business, there is no material and outstanding contract between each of the Target Group Companies and others.

16. Intellectual Properties

16.1 The details of the Intellectual Properties listed in Schedule 4 are correct, complete and accurate. Intellectual Properties constitute all material intellectual properties required or used in the Businesses or all business areas of each of the Target Group Companies, all of which are valid and fully effective and are registered under the name of the relevant Target Group Company or licensor (if applicable) and does not need to be renewed or re-registered within three months of the date of this Agreement. The Target Group Company is the sole legal and beneficial owner of such intellectual property rights or holder of valid licenses of such intellectual property rights.

16.2 None of the Target Group Companies has or must grant any licence or transfer any intellectual property rights, or disclose or provide knowhow, trade secrets, technical assistance, confidential information or customer supplier lists to any person, and none of the Target Group Companies has made such disclosure.

16.3 Each of the Target Group Companies does not infringe in the process of its current daily business operation or has not infringed at any time in the past, the intellectual property rights of any third party, which may result in payment of any commission, royalty or other similar fees or need to obtain any Business Licence within its business scope.

16.4 All fees for the ownership, registration, grant or renewal of the Intellectual Properties or the use of the Intellectual Properties in the business are paid in real time or will be paid within a reasonable time and there is no circumstance which may give rise to cancellation, revocation, confiscation, alteration or compulsory licence of the Intellectual Properties, or hindrance of valid granting

or registration of pending intellectual property applications or claim damages or terminations under the intellectual property licence of any of the Target Group Companies.

- 16.5 No facts, events or circumstances will or may: -
- (a) invalidate or invalidate any right to own or use Intellectual Properties;
 - (b) result in the revocation of the granted or registered Intellectual Properties as owned or used by any of the Target Group Companies.
- 16.6 None of the Target Group Companies has entered into any agreement or arrangement relating to the sale, mortgage, pledge, grant of options or other rights of their respective Intellectual Properties, and no Intellectual Properties is held by others.
- 16.7 Each of the Target Group Companies has taken all steps and actions as necessary or advisable to protect, safeguard, enforce or maintain its Intellectual Properties.
- 16.8 No claim is made at any time in respect of the following:
- (a) any Intellectual Properties used by the Target Group Companies in its business or operations infringe intellectual property rights of any third party or involve unauthorized use of confidential information;
 - (b) all or part of the Intellectual Properties registered in the name of or licensed for use to any Target Group Company is invalid, may be cancelled or removed or is unlikely to be granted in the current manner.
- 16.9 The Intellectual Properties used or held by any Target Group Company are not subject to actual or threatened infringement by any third party (including improper use of confidential information) or are not subject to any event that might constitute such infringement. None of the Target Group Companies has acquiesced in the illegal use of the Intellectual Properties by any third party.

17. Computer System and Software

- 17.1 All software (collectively "Software") and other information technology devices (including but not limited to all hardware, web, data-saving devices, connecting devices and other devices, collectively "Hardware") used or provided by each of the Target Group Companies are all legally used, in satisfactory quality and functioning properly in accordance with the intended purpose(s) and their

specification(s). There is no defective or character which may have adverse impact on the Software, Hardware and/or system. None of the Target Group Companies has any dispute at any time over the performance, quality, usage fitness and/or specification conformity of any Software and/or Hardware with any persons, or conformity of the warranties provided by any person to the Target Group Companies.

- 17.2 Each of the Target Group Companies has taken all reasonable measures to make sure that the Software used or provided by it is free from virus, and no reason to believe that there is any virus has affected or will affect the Software.
- 17.3 Each of the Target Group Companies has set up safeguard program to defend its data or data saved in its computer system by any third party from illegal access, change, destroy or usage. There is no such ongoing illegal access, change, destroy or usage either.

18. Bankruptcy

- 18.1 None of the Target Group Companies has made any directive or resolution on the winding up, and for each of the Target Group Companies, there is no unsolved: -
 - (a) winding up application or order;
 - (b) receivership on all or any of the Assets, undertakings or properties of any Target Group Company;
 - (c) bankruptcy application or order;
 - (d) voluntary arrangement between any Target Group Company and its creditor.
- 18.2 No Warrantors knows of or ought to know of after proper investigation, any circumstance which grants any person the right to file a winding up or bankruptcy application against any Target Group Company, or appoint a receiver on all or part of the Assets of any Target Group Company.
- 18.3 There is no attachment, administrative or other proceedings against any Target Group Company, or any recall action on the goods possessed by any Group Company.

- 18.4 No floating charges created by any of the Target Group Companies have been materialized, and there is no circumstance occurring which may give rise to materialization of such floating charges.
- 18.5 No Target Group Company is or was a party to any transaction which may be null and void in the process of winding up.

19. Environment Protection Responsibility

- 19.1 The Target Group has obtained all the necessary and adequate licenses and approvals for its ongoing business without hash or unusual conditions and has complied with the terms and conditions of the relevant environment laws, licences or approvals. There is no reason why the Target Group would not remain in compliance with the terms and conditions of the relevant environment laws, licences or approvals. The business plan has taken all the real or potential environment issues related to the business of the Target Group into consideration, and is in conformity with all the environment laws and regulations and such other applicable laws of Hong Kong and all the suggestions proposed by the relevant Hong Kong institutions/agencies and environment consultant appointed by the Target Group. There is no reason, fact or circumstance which results in failure to obtain and maintain the environment-related consents, licences and approvals in the same terms and conditions.
- 19.2 The Target Group has not received any notice or information showing that it has breached or may breach any environment law and regulation, or environment-related approval, licence, or permit, or that such licences and approvals needs to be changed, revoked, altered or appealed. To the knowledge of Warrantors, there is no event which may leads to foresaid change, revocation, alteration or appeal.
- 19.3 The Target Group is not accused, or informed that it may be accused for breaching environment laws, and to the knowledge of Warrantors, there is no circumstance which may lead to such accusation.
- 19.4 There is no claim related to the environmental issue filed against the Target Group and to the knowledge of Warrantors, there is no circumstance giving rise to such claim.
- 19.5 Neither the Target Group nor any person has placed, used, treated, deposited, disposed of or gave out pollutant, toxic materials or wastes in any leased properties or properties as owned, leased, occupied, used or controlled by the Target Group currently or in the past.

19.6 The Target Group is not aware of the use of potential pollutants in any leased properties or properties as owned, leased, occupied, used or controlled by the Target Group currently or in the past.

19.7 The Vendor and Target Group are not aware of any fact or circumstances, after due and prudent enquiry, which will cause the Target Group not to comply with any applicable environmental law or not to obtain such licences and approvals.

20. No Joint Venture/Association

20.1 None of the Target Group Companies has become or agrees to become a member of any joint venture/association, consortium, partnership, or other unlimited-liability entity. None of the Target Group Companies has become or will become a party to any agreement or arrangement which shares commission or other incomes.

21. Miscellaneous

21.1 All the data and materials provided by the Warrantors to the Purchaser and its authorized agent, and Purchaser's lawyer, accountant and financial advisor under or in connection with this Agreement or otherwise, was when provided, and are true, accurate and complete in all respects; there is no fact, or matter which has not been disclosed in writing to the Purchaser or its professional advisers which renders any such information untrue, inaccurate or misleading or which might reasonably affect the willingness of the Purchaser to proceed with the purchase of the Shares on the terms of this Agreement. There is no fact or event occurred at the time of execution of this Agreement until Closing, which may render such data and materials or documents untrue, inaccurate, incomplete or misleading, or may be reasonably expected to affect the Purchaser's decision to acquire the Sale Shares. The Warrantors have fully disclosed all the data and facts of each Target Group Company to the Purchaser and its authorized agent, the Purchaser's legal advisers, accountants or financial advisers, and such data and materials or facts has been recorded in the Target Group's Accounts.

Schedule 3

Properties

A. Owned Lands and Properties

NO.	Location	Area (Sq Metre)
	N/A	N/A

B. Leased Lands and Properties

No.	Expiry date of Term	Area (Sq Feet) <i>(Approximately)</i>	Location
1	Original term expired on 31 December 2023, now Ma Yau Engineering Limited is leasing the property under a monthly tenancy	600	Room 09, 2/F, Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong

Schedule 4

Particulars of the Intellectual Properties

A. Trademark

Trade-mark	Classification	Registration No.	Registrant	Registration Venue	Registration Date	Expiry Date
	37	304874554	Ma Yau Engineering Limited	Hong Kong	29 March 2019	28 March 2029

B. Domain Name

Registrant	Domain Name	Registration Date	Expiry Date
Pak Fai Engineering Limited	www.handsform.com	7 March 2019	7 March 2025

Schedule 5

Litigation

List of pending litigations involving the Target Group (as Defendant):

	Case No.	Plaintiff/ Third Party/ Other Defendant	Nature	Estimated Amount of Claim
1	DCEC No.2830 of 2024	Applicant: Kong Chuen Tai 1st Respondent: Ma Yau Engineering Limited 2nd Respondent: Paul Y. Construction Company, Limited	Employee's compensation	To be assessed

List of pending litigations involving the Target Group (as Plaintiff):

	Case No.	Defendant	Nature	Estimated Amount of Claim
	N/A	N/A	N/A	N/A