

DATE: 14 MARCH 2017

PONG WILSON WAI SAN
(as the Vendor)

AND

ALPHA EASY LIMITED
(as the Purchaser)

AND

WINFULL GROUP HOLDINGS LIMITED
(as the Holdings)

**AGREEMENT FOR TRANSFER
OF SHARES IN AND SHAREHOLDER'S LOAN OWED BY
FLEXWOOD LIMITED**

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THIS AGREEMENT is made on 14 March 2017

BETWEEN:

- (1) **PONG WILSON WAI SAN**, holder of Hong Kong identity card number: D690884(6), of Unit A, 6/F., 9 Queen's Road Central, Hong Kong (the "**Vendor**");
- (2) **ALPHA EASY LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Purchaser**"); and
- (3) **WINFULL GROUP HOLDINGS LIMITED**, a company incorporated in the Cayman Islands and having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business in Hong Kong at Unit A, 6/F., 9 Queen's Road Central, Hong Kong (the "**Holdings**").

WHEREAS:

- (A) Flexwood Limited (the "**Company**") is a company incorporated in the British Virgin Islands with limited liability and as at the date hereof, has an authorised share capital of US\$50,000 divided into 50,000 shares (each a "**Share**") of US\$1.00 each, of which 1 Share (the "**Sale Share**") is in issue and is beneficially owned by the Vendor. Further particulars of the Company are set out in Schedule 1.
- (B) The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share and the Sale Loan (as defined below), and the Holdings has agreed to allot and issue the Consideration Shares subject to and upon the terms and conditions of this Agreement.
- (C) The Purchaser is a subsidiary of the Holdings, which is a company whose issued Holding Shares (as defined below) are listed on the Main Board of the Stock Exchange (as defined herein).

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

- 1.1 In this Agreement (including the Recitals and Schedules), unless the context requires otherwise, the following words and expression shall have the meanings ascribed to each of them respectively below:

"**Accounts Date**" 31 March 2016

"**associates**" has the meaning ascribed thereto under the Listing Rules

“Audited Accounts”	the audited balance sheets of the Company as at the Account Date and the audited profit and loss accounts of the Company for the two years ended on the Account Date, copies of which has been attached to this Agreement as Exhibit “A”
“Bank Loan”	the outstanding bank loan owed by the Company to bank(s), which shall not exceed HK\$56,400,000 upon Completion
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Circular”	the circular to be issued by the Holdings in accordance with the Listing Rules and the Takeovers Code in respect of this Agreement and the transactions contemplated hereby, including but not limited to the issue and allotment of the Consideration Shares and the Whitewash Waiver
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of this Agreement
“Completion Date”	the date falling on the third Business Day after the fulfillment (or waiver, as the case may be) of the conditions set out in Clause 3.2 or such other date as the Vendor and the Purchaser may agree in writing
“Consideration Shares”	2,409,625,668 new Holdings Shares to be allotted and issued to the Vendor at the Issue Price upon Completion
“Debt Assignment”	the deed of assignment in respect of the Sale Loan to be made between the Vendor, the Purchaser and the Company substantially in the form set out in Schedule 4, subject to such amendments as the Vendor and the Purchaser may agree
“Disclosed”	disclosed in a full, fair, specific and accurate manner in this Agreement, the Audited Accounts or the Management Accounts, any

	report or legal opinion provided to the Purchaser, or a letter delivered on or before the date hereof by the Vendor to the Purchaser against which Warranties disclosure is made, or disclosed to the Purchaser or its advisers or agents during the course of due diligence review on the Company
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate for the time being of the Executive Director;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Holdings Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Holdings
“Independent Shareholders”	the holders of the Holdings Share(s) other than the Vendor and his associates
“Issue Price”	the issue price of HK\$0.187 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	has the meaning ascribed thereto in Clause 3.4
“Management Accounts”	the unaudited balance sheets of the Company as at the Management Account Date and the unaudited profit and loss accounts of the Company for the period commencing from 1 April 2016 to the Management Account Date, copies of which has been attached to this Agreement as Exhibit “B”
“Management Accounts Date”	31 December 2016

“Material Adverse Change (or Effect)”	any change (or effect) which has a material and adverse effect on the financial position, business or property, results of operations of the Company
“PRC”	the People’s Republic of China, which for the purpose of this Agreement shall exclude Hong Kong, Taiwan and Macau Special Administrative Region
“Property”	the commercial property located at the 6 th Floor of 9 Queen’s Road Central, Hong Kong, brief details of which are set out in Schedule 5
“Property Valuation”	the valuation of the Property as shown in the valuation report, on such bases and assumptions as may be agreed by the Purchaser
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Company to the Vendor and his associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 28 February 2017, amounted to approximately HK\$29,224,195
“Sale Share”	one Share in the issued share capital of the Company to be sold by the Vendor and to be acquired by the Purchaser, representing the entire issued share capital of the Company pursuant to the terms and conditions of this Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Taxation”	all forms of taxation including overseas taxation and all forms of profits tax, interest tax, estate duty and stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed

	by any statutory, governmental state, provincial, local government or municipal authority whatsoever and the expression “Tax” shall be construed accordingly
“Tax Indemnity”	the deed of indemnity in the agreed form to be made among the Vendor, the Company and the Purchaser, a draft of which is set out in Schedule 3
“Tenancy Agreements”	the tenancy agreements entered into among the Company as landlord and various tenants to rent the Property at the aggregate monthly rental of HK\$922,525 with details as set out in Schedule 6
“this Agreement”	this agreement for the sale and purchase of the Sale Share and the Sale Loan, as amended from time to time
“Title Deeds”	all title deeds and documents necessary to prove the Company’s title to the Property and the documents of title consist of the original document and/or properly certified copies thereof
“Warranties”	the representations, warranties and undertakings set out in Schedule 2 and all other representations, undertakings and warranties provided by the Vendor under this Agreement
“Whitewash Waiver”	the whitewash waiver to be granted by the Executive of the obligation of the Vendor to make a mandatory general offer to the shareholders of the Holdings in respect of the issued Holdings Shares and securities of the Company not already owned or agreed to be acquired by the Vendor and parties acting in connect with him as a result of the allotment and issue of the Consideration Shares in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

- 1.2 References herein to Clauses and the Schedules are to clauses in and the schedules to, this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.3 The expressions “**Vendor**”, “**Purchaser**” and “**Holdings**” shall, where the context permits, include their respective successors and personal representatives.
- 1.4 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.5 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.
- 1.6 In this Agreement, any reference to a document in the “**agreed form**” is to a form of the relevant document which is in form and substance satisfactory to the Purchaser.

2. SALE AND PURCHASE OF THE SALE SHARE AND THE SALE LOAN

- 2.1 Subject to and upon the terms and conditions of this Agreement, the Vendor shall as legal and beneficial owner (i) sell the Sale Share to the Purchaser free from all Encumbrances together with all rights now and hereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof at any time on or after the Completion Date; and (ii) sell all the rights, titles, benefits and interests of the Vendor in the Sale Loan free from all Encumbrances with effect from the Completion Date.
- 2.2 The Purchaser shall not be obliged to complete the acquisition of the Sale Share and the Sale Loan unless the transfer of the Sale Share and the assignment of the Sale Loan are completed simultaneously.

3. CONDITIONS

- 3.1 The Purchaser shall procure that its agents and advisors shall forthwith upon the signing of this Agreement conduct such review of the assets, liabilities, operations and affairs of the Company (including but not limited to the Property) as it may reasonably consider appropriate and the Company and the Vendor shall provide and procure the Company and its agents to provide such assistance as the Purchaser or its agents may reasonably require in connection with such review.
- 3.2 Completion shall be conditional upon and subject to:
- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted under Clause 3.1;
 - (b) the Purchaser being satisfied that there are no title defects to the Property (save for the existing mortgage if the mortgagee consent under sub-paragraph (d) below can be obtained);

- (c) production of written evidence by the Vendor to the satisfaction of the Purchaser that all debts and liabilities of the Company (other than (i) the Sale Loan, (ii) the Bank Loan; and (iii) other normal accruals in the ordinary course of business of the Company (excluding Tax) and acceptable by the Purchaser, which shall not exceed HK\$200,000) having been discharged, released, waived or extinguished;
- (d) all necessary bank and/or mortgagee consents and approvals required to be obtained on the part of the Purchaser, the Vendor and the Company in respect of this Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (e) the passing by the Independent Shareholders of the Holdings who are entitled to vote and not required to be abstained from voting under the Listing Rules and the Takeovers Code at a general meeting of the Holdings to be convened and held of the necessary ordinary resolution(s) to approve this Agreement and the transactions contemplated hereby (including but not limited to the allotment and issue of the Consideration Shares) and the Whitewash Waiver, and all other consents and acts required to be obtained by the Purchaser under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange and/or the SFC;
- (f) the Warranties remaining true, accurate and complete in all material respects;
- (g) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a firm of independent professional valuer appointed by the Purchaser showing the Property Valuation to be not less than HK\$500 million;
- (h) the despatch of the Circular by the Holdings as required under the Listing Rules and the Takeovers Code;
- (i) the Purchaser being satisfied that there has not been any Material Adverse Change since the date of this Agreement; and
- (j) the granting of the Whitewash Waiver by the Executive.

3.3 The Vendor shall use its best endeavours to assist the Purchaser in connection with the due diligence review to be conducted under Clause 3.1 and, in particular, shall procure that all information and documents required pursuant to the Listing Rules, and other applicable rules, codes and regulations whether in connection with the preparation of all circulars, reports, documents, independent advice or otherwise are duly given promptly to the Purchaser, the Stock Exchange, the SFC and other relevant regulatory authorities.

3.4 The Purchaser may at any time at its absolute and sole discretion waive in writing the conditions (a), (b), (d), (f) and/or (i) set out above. The other conditions set out

in Clause 3.2 above are incapable of being waived. In the event that the required mortgagee consent in respect of the transaction contemplated under this Agreement under condition (d) above cannot be obtained, the Company shall settle the Bank Loan upon Completion. If the conditions set out in Clause 3.2 have not been satisfied (or waived, as the case may be) on or before 30 June 2017, or such later date as the Vendor and the Purchaser may agree in writing (the “**Long Stop Date**”), this Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

4. CONSIDERATION

- 4.1 The aggregate consideration for the sale and purchase of the Sale Share and the Sale Loan shall be the sum of HK\$450,600,000 (as to HK\$421,375,804.80 for the Sale Share and as to HK\$29,224,195.20 for the Sale Loan) which shall be settled by Holdings allotting and issuing the Consideration Shares to the Vendor (or to any nominee(s) as he may direct), credited as fully paid, at the Issue Price upon Completion.
- 4.2 The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Holdings Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

5. COMPLETION

- 5.1 Upon compliance with or fulfillment of all the conditions set out in Clause 3.2, Completion shall take place at 4:00 p.m. on the Completion Date, or such later date as the Vendor, Holdings and the Purchaser may agree in writing (but in any event within one (1) month upon the fulfillment of the conditions set out in Clause 3.2) at the principal office of Holdings in Hong Kong or such other place as the Vendor and the Purchaser may agree in writing when all the acts and requirements set out in this Clause 5 shall be complied with.
- 5.2 At Completion, the Vendor shall deliver or cause to be delivered to the Purchaser:
- (a) instrument of transfer in respect of the transfer of the Sale Share duly executed by the Vendor in favour of the Purchaser and/or its nominee(s);
 - (b) original share certificate(s) in respect of the Sale Share;
 - (c) if so requested by the Purchaser, the written resignation of the relevant director(s), administrator and/or company secretary of the Company together with a written acknowledgement under seal from each of them that he/she/it has no claims against the Company whether by way of compensation, remuneration, severance payments, expenses, damages or otherwise;

- (d) certificate of incorporation, common seal, rubber chop, minutes book, register of directors, register of members and transfer and share certificate book and memorandum and articles of association of the Company;
- (e) all books of account, records and documents of and relating to the Company;
- (f) the Title Deeds and other books, records and documents of and relating to the Company, including without limitation, contracts and policies of insurance, cheque books and the current bank statements up to the date immediately preceding Completion of all relevant accounts, if any;
- (g) the Tax Indemnity (in duplicate) duly executed under seal by the Vendor and the Company;
- (h) copy, certified by a director of the Company as true and complete, of the resolutions of the board of directors of the Company referred to in Clause 5.3;
- (i) the Debt Assignment (in duplicate) duly executed under seal by the Vendor and the Company;
- (j) such other documents as may be required to give to the Purchaser good title to the Sale Share and the Sale Loan and to enable the Purchaser or its nominees to become the registered owner thereof;
- (k) if so requested by the Purchaser, original letters or undertakings duly signed by each and every occupiers of the Property in such form and substance to the satisfaction of the Purchaser confirming and consenting, among others, (i) the entering into of this Agreement; (ii) they do not have any interests in the Property; and (iii) there is no prepaid or outstanding rental regarding the Property; and
- (l) such other documents as may reasonably be requested by the Purchaser.

5.3 The Vendor shall procure a meeting of the board of directors of the Company to be held at which resolutions shall be passed for:

- (a) the approval for the transfer of the Sale Share to the Purchaser (or its nominees) and the registration of such transfer, subject to the relevant instrument of transfer being duly presented for registration;
- (b) the approval of the Tax Indemnity and the Debt Assignment and authorisation of execution of the same under seal for and on behalf of the Company;
- (c) the acceptance of the resignation of the directors, administrator and/or the company secretary of the Company pursuant to Clause 5.2(c) and the appointment of such person(s) nominated by the Purchaser as director(s),

adminstrator and/or company secretary of the Company with effect from Completion; and

- (d) the amendment of all existing mandates for operation of all the bank accounts maintained by the Company in such manner as the Purchaser may require.

5.4 Against compliance and fulfillment of all acts and requirements set out in Clauses 5.2 and 5.3, the Purchaser shall:

- (a) deliver to the Vendor a copy of the duly executed instrument of transfer in respect of the Sale Share;
- (b) produce to the Vendor the Tax Indemnity duly executed by the Purchaser; and
- (c) produce to the Vendor the Debt Assignment duly executed by the Purchaser.

5.5 Against compliance and fulfillment of all acts and requirements set out in Clauses 5.2 and 5.3, Holdings shall:

- (a) allot and issue the Consideration Shares at the Issue Price, credited as fully paid, to the Vendor (or his nominee(s));
- (b) deliver the share certificate(s) of the Consideration Shares to the Vendor (or his nominee(s)); and
- (c) enter the name of the Vendor (or his nominee(s)) in the register of members of Holdings as being the holder of the Consideration Shares.

5.6 In the event that any party hereto shall fail to do anything required to be done by it under Clauses 5.2 and/or 5.3, the non-defaulting party may:

- (a) defer Completion to a day not more than 28 days after the date fixed for Completion; or
- (b) proceed to Completion so far as practicable but without prejudice to its right against the others; or
- (c) rescind and terminate this Agreement without liability of its part.

6. RESTRICTION ON ANNOUNCEMENTS

6.1 Each of the parties undertakes to the others that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or any rule of any relevant stock exchange body, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts,

finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.

- 6.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the parties or unless an announcement is required pursuant to the applicable law and the regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority. Any announcement by any party required to be made pursuant to any relevant law or regulation or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority shall be issued only after such prior consultation with the other party as is reasonably practicable in the circumstances.

7. WARRANTIES

- 7.1 The Vendor represents and warrants to the Purchaser and its successors and assigns that save as Disclosed, the Warranties are true and accurate in all material respects as at the date of this Agreement and will continue to be so up to and including the time of Completion.
- 7.2 Each of the Warranties is without prejudice to any other Warranty and, except where expressly or otherwise stated, no provision in any Warranty shall govern or limit the extent or application of any other provision in any Warranty. The Vendor hereby agrees that the Purchaser shall treat each of the Warranties as a condition of this Agreement.
- 7.3 The Vendor hereby agrees to fully indemnify and keeps the Purchaser and its assigns fully indemnified on demand from and against any depletion of any tangible assets, all losses, costs and expenses (including legal expenses) which the Purchaser may incur or sustain from or in consequence of any of the Warranties not being correct or fully complied with. This indemnity shall be without prejudice to any of the rights and remedies of the Purchaser and their assigns in relation to any such breach of Warranties and all such rights and remedies are hereby expressly reserved.
- 7.4 If it shall be found at any time after Completion that any of the Warranties is not true, correct and accurate or is not as represented, warranted or undertaken and:
- (a) the effect thereof is that the value of some assets of the Company including, without limitation, the value of any asset stated in the Management Accounts is less than its value would have been had there been no such breach or the matter warranted were as warranted; or
 - (b) the Company has incurred or is under any liability or contingent liability which would not have been incurred if such matter were as represented or warranted or the relevant undertaking were performed; or

- (c) the effect thereof is that the amount of a liability of the Company is higher than its amount would have been had there been no such breach or the matter warranted were as warranted,

then, without prejudice to any other provisions of this Agreement, the Vendor shall indemnify the Purchaser and/or the Company on demand on a full indemnity basis, and holds them harmless from and against all liabilities, damages, costs, claims, reduction in net consolidated assets or increase in net consolidated liabilities and all reasonable expenses which the Purchaser and/or the Company may sustain, suffer, or incur as a result of any of the foregoing and the Vendor shall pay to the Purchaser and/or the Company on demand the full amount of any such loss as aforesaid in immediately available funds.

- 7.5 The Warranties shall survive Completion and the rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by Completion or by the Purchaser rescinding, or failing to rescind this Agreement, or failing to exercise or delaying the exercise of any right or remedy, or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- 7.6 The Purchaser shall be entitled to take action both before and after Completion in respect of any breach or non-fulfillment of any of the Warranties and Completion shall not in any way constitute a waiver of any right of the Purchaser.
- 7.7 The Vendor undertakes in relation to any Warranty which refers to the knowledge, information or belief of the Vendor that they have made full enquiry into the subject matter of that Warranty which is reasonable in all circumstances and that they do not have the knowledge, information or belief that the subject matter of that Warranty may not be correct, complete or accurate.
- 7.8 The Vendor shall immediately inform the Purchaser in writing of any fact, matter, event or circumstance which renders any of the Warranties untrue, inaccurate or misleading or will give rise to a breach of any of the Warranties.

8. LIMITATION OF LIABILITY

- 8.1 The liability of the Vendor in respect of any claims for breach of Warranties shall be limited as follows:
 - (1) the maximum aggregate liability of the Vendor in respect of all claims for breach of Warranties shall not exceed HK\$450,600,000;
 - (2) in respect of any claims for breach of Warranties, the Vendor shall not be liable for any individual claim which does not exceed HK\$500,000 provided that, where the amount or the aggregate amount of one or more of such individual claims exceeds HK\$1,000,000, the Vendor shall be liable for the full amount of all such claims; and

- (3) no claim may be brought against the Vendor in respect of a breach of Warranties after 18 months from Completion (“**Warranty Expiry Date**”) and the Vendor shall not be liable in respect of a breach of Warranties unless he shall have received written notice from the Purchaser prior to the Warranty Expiry Date giving reasonable details of the relevant claim and any such claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn at the expiry of a period of six months after the Warranty Expiry Date unless proceedings in respect thereof shall have already been commenced against the Vendor.

8.2 The Vendor shall not be liable for the Warranties:

- (1) to the extent that provision or reserve in respect thereof has been made in the Audited Accounts and/or the Management Accounts;
- (2) which would not have arisen but for a default on the part of the Purchaser of any of the terms herein;
- (3) which arises as a result of legislation which comes into force after the date hereof with retrospective effect; or
- (4) which arises as a result of a change in accounting policies after Completion.

8.3 The Purchaser shall, upon any claim, action, demand or assessment being made or issued against the Purchaser or the Company which could lead to a claim by the Purchaser for breach of any of the Warranties, give notice thereof to the Vendor as soon as reasonably practicable.

8.4 Where a claim for breach of any Warranty or undertakings is made under this Agreement and has been settled subsequently, save as expressly reserved in any settlement of such a claim, all other rights and remedies (if any) of the Purchaser in respect of the subject matter thereof, whether under this Agreement or otherwise, are hereby excluded.

8.5 The Purchaser shall take such action and give such information and assistance in connection with their respective affairs as the Vendor may reasonably request in writing to avoid, dispute, resist, mitigate, compromise, defend or appeal against any claim in respect thereof and any adjudication with respect thereto.

8.6 The amount of any compensation or damages payable by the Vendor in respect of any claim for breach of any Warranty shall be computed after taking into account and giving full credit for:

- (1) any increase in the amount or value of any assets or discharge from or satisfaction of or reduction in any liability of the Company as a result of or arising out of or attributable to the fact, matter, event or thing giving rise to any relevant claim;
- (2) any liability of the Company included in the Audited Accounts and/or the

Management Accounts having been discharged or satisfied for less than the amount attributed thereto;

- (3) any provision for Taxation, bad or doubtful debts or contingent or other liabilities of the Company included in the Audited Accounts and/or the Management Accounts having been proved to have been over provided for; and
- (4) the amount of any taxation credits, taxation relief or setoffs due to or received by the Purchaser or the Company except to the extent that the same shall have been taken into account in the the Audited Accounts and/or Management Accounts.

8.7 If the Vendor shall pay to the Purchaser any amount by way of compensation or damages for breach of the Warranties or any undertakings and the Purchaser or the Company subsequently recover from a third party an amount which represents the full or part of the compensation or damages paid by the Vendor, the Purchaser shall repay to the Vendor such amount previously paid by the Vendor or so much thereof as does not exceed the amount received from the third party (subject to the deduction from the amount recovered all legal and other expenses reasonably incurred by the Purchaser in recovering from the third party such amount which legal and other expenses cannot also be recovered from such third party).

8.8 None of the Warranties nor any benefit nor claim under this Agreement in respect of any breach of Warranties may be assigned to any person (save for the associated company of the Purchaser) without the prior written consent of the Vendor.

8.9 If any claim for breach of any Warranty is brought under this Agreement in relation to any liability of the Purchaser and/or the Company which is contingent only, the Vendor shall not be liable to make any payment in respect thereof unless and until such contingent liability becomes an actual liability.

8A. **THE PROPERTY**

8A.1 The Vendor shall prove and show the Company's title to the Property in accordance with s.13 of the Conveyancing and Property Ordinance Cap.219, at its expense and at the like expense shall make and furnish to the Purchaser such certified copies of any deeds or documents of title wills and matters of public record as may be necessary to prove and complete such chain of title (the costs of verifying the title by inspection and examination including search fees shall be borne by the Purchaser who shall also, if it requires certified copies of any documents in the Vendor's or Company's possession relating to other premises retained by the Vendor or the Company as well as to the Property, pay the cost of such certified copies); and shall deliver to the Purchaser the Title Deeds and such of the muniments of title as relate exclusively to the Property as required to give title to the Property in accordance with s.13A of the Conveyancing and Property Ordinance Cap 219.

8A.2 The Vendor hereby agrees that it will procure the Company not to create or enter into any charges mortgages (whether legal or equitable) liens or other Encumbrances over the Property after the date hereof.

8A.3 All rent (if any) will be received and all outgoing (including but not limited to rates, Government rent and management fees (if any)) in respect of the Property will be discharged by the Vendor up to but exclusive of the Completion Date and as from and inclusive of the Completion Date all outgoings (including but not limited to rates, Government rent and management fees) in respect of the Property will be discharged by the Purchaser and all outgoings shall if necessary be apportioned between the Vendor and the Purchaser and paid on Completion as per the apportionment account prepared by the Vendor and approved by the Purchaser and the Vendor will send draft apportionment account to the Purchaser for approval at least two (2) Business Days prior to Completion.

8A.4 The Purchaser shall be entitled to inspect at least two times the Property prior to Completion upon prior reasonable notice being given to the Vendor and once immediately before Completion.

9. CONDUCT OF BUSINESS PENDING COMPLETION

9.1 The Vendor hereby undertakes with the Purchaser that, except as required by this Agreement, no resolution of the directors of the Company shall be passed prior to Completion without the prior written consent of the Purchaser.

9.2 The Vendor hereby undertakes with the Purchaser that until Completion the Company shall carry on its business in a manner consistent with its existing practice and shall:

- (a) procure that the Company shall not without first obtaining the prior written consent of the Purchaser enter into any contract or commitment of an unusual or onerous nature or other than in the normal and ordinary course of business; and
- (b) keep the Purchaser reasonably informed of all significant matters relating to the Company, its business, assets and prospects.

9.3 Without prejudice and notwithstanding Clauses 9.1 and 9.2, the Vendor undertakes that he shall pending Completion take all steps necessary to ensure that except as required by this Agreement or by any applicable law or in the ordinary and usual course of business of the Company, the Company shall not carry out any of the following actions and no resolution of the board of directors of the Company or of its general meeting shall be passed to carry out the same unless the written consent of the Purchaser is obtained:

- (a) the creation or issue of any shares in the Company or the grant of any options over any shares or the uncalled capital of the Company or the issue of any warrant, debentures, securities or other obligations convertible into shares in the Company or enter into any agreement to do any of the same;

- (b) the capitalisation, repayment or other form of distribution of any amount standing to the credit of any reserve of the Company on the redemption or purchase of any shares in the Company or any other reorganisation of share capital;
- (c) the winding-up or liquidation of the Company;
- (d) the alteration of the rights attached to any of the Sale Share or the shares in the Company;
- (e) the alteration of the memorandum and articles of association of the Company and the passing of any resolutions inconsistent with the provision of this Agreement;
- (f) the acquisition or disposal of any lease or any other interests in real property owned or occupied by the Company or the creation of any mortgage or other encumbrance over such property;
- (g) the acquisition or disposal of any property or other asset by the Company (including but not limited the whole or any part of the Property);
- (h) the acquisition or formation by the Company of any subsidiary or the acquisition of any share in any other company or the participation by the Company in any partnership or joint venture;
- (i) the sale or disposal of any undertaking or assets of the Company;
- (j) the entering into of any material contract by the Company other than in its ordinary course of business;
- (k) the lending of any moneys (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposit), the granting of any credit or the giving of any guarantee or indemnity;
- (l) the amalgamation or merger of the Company with any other company or concern;
- (m) the alteration of the composition of any board of directors of the Company;
- (n) the making of any capital commitment by the Company;
- (o) the borrowing of any moneys or acceptance of credit facilities by the Company from banks, financial institutions and any other third parties;
- (p) the making, declaration or payment of any dividend or distribution;
- (q) doing, allowing or procuring any act or omission on or before Completion

which will constitute a breach of any of the Warranties; or

- (r) doing anything which is likely to materially jeopardize or diminish the value of any assets of the Company.

10. FURTHER ASSURANCE

Each party hereto shall execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents to vest effectively the legal and beneficial ownership of the Sale Share and the Sale Loan in the Purchaser free from Encumbrances.

11. ACCESS TO INFORMATION

The Vendor shall procure that, pending Completion, the Purchaser, its agents, representatives and professional advisers are given promptly on request full access to all such facilities and information regarding the business, assets, liabilities, contracts and affairs of the Company and other evidence of ownership of the assets owned by the Company as the Purchaser may require.

12. NOTICES

- 12.1 Each notice, demand or other communication given, made or serve under this Agreement shall be in writing and delivered or sent to the relevant party by prepaid postage (by airmail if to another country), facsimile transmission or personal delivery to its address or fax number as set out below (or such other address or fax number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Vendor:

Address : Unit A, 6/F., 9 Queen's Roac Central,
Hong Kong

Fax Number : (852) 2151 4298

To the Purchaser/Holdings:

Address : Unit A, 6/F., 9 Queen's Road Central,
Hong Kong

Fax Number : (852) 3007 0670

Attention : The Board of Directors

- 12.2 Each notice, demand or other communication given, made or served under this Agreement shall be deemed to have been given and received by the relevant parties (i) within two (2) days after the date of posting, if sent by local mail; four (4) days

after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; and (iii) on despatch, if sent by facsimile transmission.

13. TIME AND NO WAIVER

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

14. INVALIDITY

If at any time any one or more of the provisions of this Agreement is/are or become(s) illegal, invalid or unenforceable in any respect under laws of any jurisdiction, the legality, validity or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

15. AMENDMENTS

This Agreement shall not be amended, supplemented or modified except by instruments in writing signed by each of the parties hereto.

16. ASSIGNMENT

This Agreement shall be binding on and enure to the benefit of each party hereto and its respective successors and permitted assigns provided that none of the parties hereto shall assign or transfer or purport to assign or transfer any of its rights or obligations hereunder without the prior written consent of the other parties.

17. ENTIRE AGREEMENT

This Agreement constitutes an entire agreement between the parties hereto with respect to the matters dealt with herein and supersedes any previous agreements, arrangements, statements or transactions between the parties hereto in relation to the subject matters hereof.

18. COSTS AND STAMP DUTY

18.1 Each party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Completion.

18.2 All stamp duty (if any) payable in respect of the sale and purchase of the Sale Share shall be borne by the Vendor and the Purchaser in equal shares.

19. COUNTERPART

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of parties hereto may execute this Agreement by signing any such counterparts.

20. GOVERNING LAW AND JURISDICTION

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

20.2 The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

20.3 Unless otherwise provided herein, a person or company who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Assignment.

SCHEDULE 1

Details of the Company

Company name: Flexwood Limited

Place of incorporation: British Virgin Islands

Date of incorporation: 30 January 2009

Registered office: Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands

Authorised share capital: US\$50,000 divided into 50,000 Shares of US\$1.00 each

Issued capital: One Share

Shareholder(s): The Vendor One Share (100%)

Director(s): Mr. Pong Wilson Wai San
Ms. Tung Helena Ching Yee
Mr. Pong Kwo Boon Boondy
Mr. Pong Lo Shuk Yin Dorothy

Nature of business: Property investment

SCHEDULE 2

WARRANTIES

1. Sale Share and Sale Loan

- 1.1 The Sale Share was duly allotted and issued and rank pari passu in all respects inter se and with all other shares in the issued share capital of the Company.
- 1.2 At Completion, the Purchaser will be the legal and beneficial owner of the Sale Share and the Sale Loan, and the Sale Share and the Sale Loan are free from all Encumbrances and will be transferred and assigned to the Purchaser free from all Encumbrances together with all rights and entitlements now and hereafter attaching thereto and the Sale Share is freely transferable to the Purchaser without the consent, approval, permission, licence or concurrence of any third party.
- 1.3 The Sale Share represent the entire issued share capital of the Company as at Completion.
- 1.4 The Sale Loan is valid and subsisting and free from all Encumbrances and there is no agreement or arrangement to create any Encumbrance over or affecting the Sale Loan.

2. Shares

- 2.1 There is no option, right to acquire, mortgage, charge, pledge, lien or other form of security, encumbrance or third party rights on, over or affecting any part of the unissued share capital or loan capital of the Company or over any part of the issued or unissued share capital or loan capital of the Company and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing which has not been waived in its entirety or satisfied in full.
- 2.2 There is no agreement or commitment outstanding which calls for the allotment of or issue or accords to any person the right to call for the allotment or issue of any shares in or securities or debentures of the Company.
- 2.3 As at 28 February 2017, the Sale Loan amounted to HK\$29,224,195, which shall be assigned to the Purchaser on Completion. At Completion, the Company will have no outstanding liabilities, indebtedness, guarantee or other outstanding of whatever nature (whether actual or contingent), except the Sale Loan, the Bank Loan (if the mortgagee consent can be obtained) and normal expenses incurred in the ordinary course of business of the Company.

3. Compliance and Corporate Matters

- 3.1 The Company has duly and properly complied with all filing and registration requirements in respect of corporate or other documents imposed under the relevant laws of the jurisdiction in which it was incorporated or any other jurisdiction to which it is subject.

- 3.2 The statutory books and minute books of the Company have been properly written up and compliance has been made with all applicable legal requirements concerning the Company and all issues of shares, debentures or other securities thereof.
- 3.3 The register of members of the Company is correct and the Company has not received any claim, application or request for rectification of its register of members and, so far as the Vendor are aware, no circumstances which might lead to any such claim, application or request for rectification of such register to be made have arisen or occurred.
- 3.4 The Company and its directors (in their capacity as such) have complied with all relevant and applicable legislation and obtained and complied with all necessary licences and consents to carry on business whether in the country, territory or state in which it is incorporated or elsewhere, including applicable legislation relating to companies and securities, real property, taxation and prevention of corruption and have complied with all applicable legal requirements in relation to any transactions to which it is or has been a party prior to Completion.
- 3.5 To the best knowledge of the Vendor, the minute books of directors' meetings and of shareholders' meetings respectively contain properly written-up records of all resolutions passed by the directors and the shareholders respectively of the Company and no resolutions have been passed by either the directors or the shareholders of the Company which are not recorded in the relevant minute books.
- 3.6 All charges in favour of the Company (if any) have (if appropriate) been registered in accordance with the provisions of the applicable legislation and regulations and at the relevant registries or authorities.
- 3.7 All of the documents necessary to prove the ownership of material assets of the Company, and an executed copy of all agreements which are material to the Company and to which the Company is a party, and the original copies of documents which are material to the Company and which are owned by, or which ought to be in the possession of the Company are in its possession, custody or control.
- 3.8 No governmental or official investigation or inquiry on the Company is in progress or threatened and, to the best knowledge of the Vendor having made all reasonable enquiries, there are no circumstances which are likely to give rise to any such investigation or inquiry.
- 3.9 The Company is not the holder or beneficial owner of and has not agreed to acquire, any class of shares or other capital of any other company or corporation.
- 3.10 The Company is not and has not agreed to become, a member of any partnership, joint venture, consortium or other unincorporated association.
- 3.11 Save as Disclosed herein, the Company does not have any subsidiary or any investment in any other company.

4. Accounts

4.1 The Audited Accounts and the Management Accounts:

- (A) are complete and correct in all material respects and show the state of affairs and financial position of the Company as at the dates to which they respectively relate;
- (B) comply with all the requirements of the relevant companies laws of applicable jurisdictions and other relevant statutes;
- (C) have been prepared in accordance with financial reporting standards of Hong Kong (the “Reporting Standards”) and comply with all relevant Reporting Standards issued by the relevant institute of certified public accountants for the time being in force applicable to a Hong Kong company;
- (D) are not affected by any extraordinary, exceptional or non-recurring item (except as Disclosed);
- (E) fully disclose all the assets of the Company as at their respective dates;
- (F) make full provision or reserve or note in accordance with the Reporting Standards for all liabilities and capital commitments of the Company outstanding at the date to which they relate, including contingent, unqualified, deferred or disputed liabilities present; and
- (G) make provision or reserve, in accordance with the principles set out in the notes respectively included in them, for all taxation liable to be assessed on the Company, or for which the Company may be accountable, in respect of the period ended on the Accounts Date as regards the Audited Accounts and the period ended on the Management Accounts Date as regards the Management Accounts, and such provision will be sufficient to cover all Taxation assessed or liable to be assessed on the Company or for which the Company, is, may be or may become accountable in respect of profits, income earnings, receipts, transfers, events and transactions up to and including the last day to which they relate.

4.2 The Audited Accounts and the Management Accounts:

- (A) were prepared on a recognized and consistent basis in accordance with applicable recognized accounting standards commonly adopted by companies carrying on businesses similar to that carried on by the Company;
- (B) correctly include all the assets of the Company as at the Accounts Date and the Management Accounts Date respectively, and the rate of depreciation adopted therein is sufficient for each of the fixed assets of the Company to be written down to nil by the end of its useful life;
- (C) give a true and fair view of the state of affairs and financial position of the

Company as at the Accounts Date and the Management Accounts Date respectively, and of the Company's results for the financial period ended on that dates and no event has occurred that has resulted in the results of the Company in respect of the period covered by the Audited Accounts and/or the Management Accounts being abnormally high or low; and

- (D) are not adversely affected by an unusual, exceptional, extraordinary or non-recurring items which are not Disclosed.
- 4.3 The accounting and other books and records of the Company are in its possession or control, have been properly written up and accurately present and reflect in accordance with generally accepted accounting principles and standards all the transactions entered into by the Company or to which the Company has been a party and there are at the date hereof no material inaccuracies or discrepancies of any kind contained or reflected in any of the said books and records.
- 4.4 The Management Accounts give a consistent and fairly reflect the state of affairs of the Company as at the Management Accounts Date, and of the results and financial position of the Company for the financial period ended on the Management Accounts Date, and no event has occurred that has resulted in the results of the Company in respect of the period covered by the Management Accounts being abnormally high or low.
- 4.5 Since the Management Accounts Date:
- (A) the Company has not entered into any material contracts or commitments binding on it (other than contracts entered into in the ordinary course of its business) and there has not been any acquisition or disposal by the Company of material fixed or capital assets or any agreement to effect the same;
 - (B) there has not been any creation of liabilities by the Company of a material nature (other than on normal commercial terms in the ordinary and proper course of its business);
 - (C) no event has occurred as regards the Company which would entitle any third party to terminate any material contract or any material benefit enjoyed by the Company or call in any material amount of money before the normal due date therefor or indebtedness;
 - (D) the Company has not created any mortgage or charge on the whole or any part of its assets;
 - (E) the Company has not borrowed except from bankers in the ordinary course of its day to day trading operation or increased any secured liability; and
 - (F) the business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past, no fixed asset or stock has been written up nor any debt written off, and no unusual or abnormal contract has been entered into by the Company.

- 4.6 No part of the amounts included in the Management Accounts or subsequently recorded in the books of the Company, as owing by any debtors, has been released on terms that any debtor pays less than the full book value of its debt, or has been written off, or has been proven to any extent to be irrecoverable, or is now regarded by the Company (as the case may be) as irrevocable in whole or in part.
- 4.7 All debts due to the Company included in the Management Accounts (being debts in excess of bad or doubtful debts for which provision has been made in the Management Accounts) have prior to the date hereof been realised in their full amount in cash.
- 4.8 No transaction of any material importance to which the Company is a party has taken place which if it had taken place would have been required to be disclosed in writing to the Purchaser or reflected in the Management Accounts.
- 4.9 Since the Management Accounts Date, no dividend has been declared or paid or other distributions of capital made in respect of any share capital of the Company.
- 4.10 There has been no Material Adverse Change since the Management Accounts Date.
- 4.11 The Company has no present intention to discontinue or write down investments in any other businesses nor is any such write down, in the reasonable opinion of the directors of the Company, required.
- 4.12 No dividends nor any other distributions declared to shareholders of the Company remains (if any) unpaid as at the date hereof.

5. Financial Matters

- 5.1 Except for the Bank Loan, there is no long-term borrowings of the Company.
- 5.2 Since the Management Accounts Date, there has not been:
 - (A) any damage, destruction, or loss, whether covered by insurance or not, materially adversely affecting the properties, assets or business of the Company;
 - (B) save as contemplated under this Agreement, any sale or transfer by the Company of any material tangible or intangible asset other than in the ordinary course of business, any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and statutory rights of customers in inventory and other assets;
 - (C) save as contemplated under this Agreement, any material transaction not in the ordinary course of business of the Company;
 - (D) the lapse of any patent, utility models, design, trademark, trade name, service mark, copyright, or licence or any application with respect to the foregoing by

the Company which is material in the context of the business of the Company;

(E) the making of any material loan, advance, indemnity or guarantee by the Company to or for the benefit of any person except the creation of accounts receivable in the ordinary course of business; or

(F) an agreement to do any of the foregoing.

5.3 The accounting books and records of the Company have been maintained in accordance with the applicable accounting principles adopted in the jurisdictions where the Company's business is conducted and comply with the relevant statutory provisions of such jurisdictions and have been properly written up and properly reflect all the transactions to which the Company has been a party and there are at the date hereof no material inaccuracies or discrepancies of any kind contained or reflected in the said books and records.

5.4 The Company does not have any material obligations or liabilities other than those which have arisen in the ordinary course of its business or by operation of law or disclosed in the Management Accounts.

5.5 Apart from the Sale Loan, the Bank Loan and other normal expenses incurred in the ordinary course of business of the Company, the Company has not as at the date hereof and will not, as at Completion, have outstanding:

(A) any borrowing or indebtedness in the nature of borrowing or other credit facility;

(B) any mortgage, charge or debenture or any obligation (including a conditional obligation) to create a mortgage, charge or debenture; nor

(C) any liabilities outstanding under any guarantee or other contingent obligation.

5.6 As at the Completion Date, the Company has sufficient working capital for its existing business and operation and the Company has sufficient financial resources to meet the funding requirements for the operation of the Company from the date of this Agreement to the Completion Date.

5.7 As at the Completion Date, the Company shall have a cash balance of not less than HK\$7,000,000 and shall have no debts and liabilities (whether actual or contingent) (other than the Sale Loan, the Bank Loan and normal expenses incurred in the ordinary course of business of the Company).

6. Plant, Equipment and Assets

6.1 The assets used in connection with the business of the Company which are material in the context of the business of the Company are held by the Company free from all Encumbrances. The Company is the sole legal and beneficial owner of such assets.

6.2 All plant, machinery, equipment, vehicles and other material assets owned or used by

the Company are in reasonable repair, condition and working order in all material respects.

6.3 The material assets included in the Management Accounts or acquired since the Management Accounts Date and all assets used or owned by or in the possession of the Company:

- (A) are legally and beneficially owned by the Company free from all Encumbrance;
- (B) are in the possession or under the control of the Company; and
- (C) are not subject to any hire purchase, leasing arrangements or other arrangements of a similar nature.

7. Insurance

7.1 The Company has effected all insurances required by law to be effected by it and which ought reasonably to have been effected over its business and assets for a substantial part of its value and covering third party liability of the Company having taken into account the nature of the business of the Company, the place in which it carries on business and the business of the Company.

7.2 All premiums due on the said policies have been paid, all the conditions of the said policies have been performed and observed in all material respects in the place in which the Company carries on business, and nothing has been done or has been omitted to be done whereby any of the said policies has or may become void or voidable.

7.3 No claim is outstanding either by the insurer or the insured under any of the said policies and no claim against the Company by any third party is outstanding in respect of any risk covered by any of the policies or by any policy previously held by the Company.

7.4 The Vendor is not aware of any circumstances which would or might entitle the Company to make a claim under any of the said policies or which would or might be required under any of the said policies to be notified to the insurers.

8. Taxation

8.1 The Company has complied in all material respects with all relevant and applicable legal requirements relating to registration or notification for Taxation purposes.

8.2 The Company has:

- (A) paid all Taxation (if any) due to be paid before the date of this Agreement; and
- (B) to the knowledge of the Vendor, taken all necessary steps to obtain any repayment of or relief from Taxation available to it.

- 8.3 The returns for Taxation purposes which ought to have been made by or in respect of the Company in applicable jurisdictions or any other part of the world, have been duly made and all such returns are up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant Taxation, revenue or other appropriate authorities.
- 8.4 The provisions (if any) included in the Management Accounts are sufficient to cover all Taxation (as the case may be) for which the Company was then or might at any time thereafter become or have become liable in respect of all periods ending on or before the Management Accounts Date.
- 8.5 The Company is not in dispute with any Taxation or revenue authority and, so far as the Vendor is aware, no such dispute is pending or threatened.

9. Business

9.1 Since the Management Accounts Date:

- (A) the business of the Company has been continued in the ordinary and normal course;
- (B) the Company has been paying its creditors in respect of all of its debts which have become due and payable in its ordinary course of business and in accordance with the normal industry practice generally accepted in the markets in which the Company carries on its business;
- (C) the Company has not entered into, or agreed to enter into, any capital commitments (other than in the ordinary course of business as previously carried on);
- (D) the Company has entered into transactions and incurred liabilities only in the ordinary course of business;
- (E) no resolution of the Company in general meeting has been passed other than resolutions relating to the business of an annual general meeting which was not special business;
- (F) the Company has not declared, paid or made or is proposing to declare, pay or make any dividend or other distribution;
- (G) the financial year end of the Company has continued to be and has not changed from 31 March;
- (H) no event has occurred which would entitle any third party (with or without the giving of notice) to call for the repayment of indebtedness prior to its normal maturity date;
- (I) the business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past, no

fixed asset or stock has been written up nor any debt written off, and no unusual or abnormal contract has been entered into by the Company;

- (J) save as contemplated under this Agreement, no asset of the Company has been acquired or disposed of, or has been agreed to be acquired or disposed of, otherwise than in the ordinary course of business and there has been no Disposal or parting with possession of any of its property, assets (including know-how) or stock in trade or any payments by the Company, and no contract involving expenditure by it on capital account has been entered into by the Company, and no liability has been created or has otherwise arisen (other than in the ordinary course of business as previously carried on);
- (K) there has been no Disposal of any asset (including stock) or supply of any service or business facility of any kind (including a loan of money or the letting, hiring or licensing of any property whether tangible or intangible) in circumstances where the consideration actually received or receivable for such disposal or supply was less than the consideration which could be deemed to have been received for tax purposes;
- (L) no event has occurred which gives rise to a tax liability of the Company or deemed (as opposed to actual) income, profits or gains or which results in the relevant company becoming liable to pay or bear a tax liability directly or primarily chargeable against or attributable to another person, firm or company;
- (M) no remuneration (including bonuses) or benefit payable to any officer or employee of the Company has been increased nor has the Company undertaken any obligation to increase any such remuneration at any future date with or without retrospective effect; and
- (N) such of the book debts shown in the Management Accounts and all other book debts arising since such time which have been realised since the Management Accounts Date have been realised at amounts not less than those shown in the Management Accounts or, in the case of subsequently arising book debts, their face amount, and no indication has been received that any debt now owing to any of the companies is bad or doubtful.

10. Employment Arrangements

- 10.1 All contracts of service to which the Company is a party can be terminated by it without payment of compensation (save as provided by the applicable laws and regulations) by not more than three months' notice or less without compensation.
- 10.2 The Company is not a party to:
 - (A) any agreement, arrangement or scheme (whether or not legally enforceable) for profit sharing or for the payment to employees of bonuses or incentive payments or the like of a material nature;
 - (B) any collective bargaining or procedural or other agreement with any trades

union or similar association; or

- (C) any provident fund other than pursuant to such agreement, arrangement, fund or scheme whereby it is required by law to be a party.

- 10.3 The Company is not under any legal liability or obligation or a party to any agreement, arrangement, scheme, fund, ex-gratia arrangement or promise to pay pensions, gratuities, retirement annuities, benefits, periodical sums, or any other payment or compensation (whether or not legally enforceable) in connection with retirement, death or disability to or for any of its past or present officers or employees or their relatives or dependants; and there are no retirement benefit, or pension or death benefit, or similar schemes or arrangements in relation to or binding on the Company or to which the Company contributes.
- 10.4 The Company is not under any obligation (whether actual or contingent) to any former employee whether for breach of any contract of service, for compensation for wrongful dismissal or for unfair dismissal or for payment of any salaries, wages, pensions, gratuities, severance pay, long service payment, bonuses or otherwise howsoever or whatsoever and no tax, levy, contribution or payment in respect of any former employee whether to any governmental authority, pension fund, scheme or trust or otherwise howsoever or whatsoever is outstanding or disputed.
- 10.5 The Company has not given any guarantee or assumed any obligations in relation to the employees of any other person.
- 10.6 The Company has not executed any deed of indemnity, nor has given or agreed to give any indemnity in favour of any director or employee of the Company.

11. **Properties**

- 11.1 The particulars of the Property as stated in Schedule 5 are true and accurate in all material respects.
- 11.2 Save for the Property, the Company does not own any real property in Hong Kong or any part of the world and the Property are all the real Property owned by the Company in Hong Kong or any part of the world.
- 11.3 The Company is the legal and beneficial owner of and has a good and marketable title to the Property, the full legal and beneficial interests in and the title to the Property is vested in the Company free from all Encumbrances (save for the mortgage in relation thereto). The Property will be subject to the Tenancy Agreements upon Completion and the Company will have unrestricted access to the Property on expiry of the term of the Tenancy Agreements.
- 11.4 The Title Deeds are valid and subsisting without prejudice to the foregoing:
 - (A) the Company has the right and power to assign, mortgage, lease and/or charge the Property without obtaining the consent, approval and authorisation of any governmental authority and without the payment of any land premium; and

- (B) all necessary approvals, consents, authorisations and permit for the development, occupation and use and sale of the Property have been obtained and are valid and subsisting.
- 11.5 There are no covenants, restrictions, burdens, stipulations, conditions, terms or outgoings affecting the Property which are of an unusual or onerous nature or which affect the use or intended use of the Property.
- 11.6 All covenants, restrictions, stipulations, conditions and other terms affecting the Property have been observed and performed and there are no circumstances which would entitle or require any person to exercise restrict or terminate the continued possession or occupation of the Property.
- 11.7 The present use of the Property is the permitted use for the purpose of the relevant planning or building regulations or the land use right grant contracts or land use right transfer contracts (if appropriate) and is not adversely affected or likely to be adversely affected by any planning proposals and the Company is not a temporary user or user subject to onerous or unusual conditions giving rise to abnormal expenditure.
- 11.8 The Property is 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 on the Company by such authority or body.
- 11.9 To the best knowledge of the Vendor, the construction of all buildings and erections comprising the Property comply with all statutes, regulations, articles of association and other relevant legislation.
- 11.10 To the best knowledge of the Vendor, no structural or other material defects have appeared in respect of or is affecting the buildings and structures on or comprising the Property or any parts thereof and all such buildings are in good and substantial repair and condition.
- 11.11 In respect of the Property, no contracts have been entered into by the Company to sell, assign, subdivide, let, licence, charge, mortgage, partition, share, grant any easement, right of way or option over or otherwise dispose of any interest in or part with the possession or occupation of the Property or any part thereof or otherwise encumber the Property nor is there any agreement by the Company to do any of the aforesaid.
- 11.12 There are no compulsory purchase notices, orders or resolutions affecting the Property, nor are there any closure, demolition, clearance orders, or other orders of any governmental body affecting the Property, or any circumstances likely to lead to any being made.
- 11.13 The buildings and other structures comprising in the Property are in good and substantial repair and fit for the purpose(s) for which they are currently used.
- 11.14 There are no disputes with any adjoining or neighbouring owner with respect to

boundary walls and fences, or with respect to any easement, rights or means of access to the Property.

- 11.15 The principal means of access to the Property is not subject to rights of determination by any other party.
- 11.16 The Property enjoys the main services of telephone, water drainage, and electricity.
- 11.17 All land premiums, fees, land grant fees, outgoings and other moneys which have become due and payable in respect of the Property have been fully paid on or before their respective due dates and the Property is not subject to any outgoings other than general rates, water rates, insurance premiums, rent and service charges all to which have been paid up to date.
- 11.18 The Company has performed and complied in all material respects with all applicable obligations, requirements, statutes, rules, orders directives, regulations, articles of associations and other relevant legislation, with respect to the Property whether statutory or imposed by any competent government authority.
- 11.19 There is no outstanding and unobserved or unperformed notice issued under any Hong Kong law and regulation or obligation with respect to the Property necessary to comply with the requirements (whether formal or informal) of any competent authority exercising statutory or delegated powers.
- 11.20 To the best knowledge of the Vendor, there is no unauthorised structure or alteration in the Property or any part thereof and the Company has not received or is not aware of there being any notice from any governmental authorities or authority of competent jurisdiction to demolish or reinstate any part of the Property.
- 11.21 The Company is not in breach of any of the deed of mutual covenant of the building of which the Property form part and the Company has not received or is aware of there being any notice from any governmental authorities or authority of competent jurisdiction to effect repairs and/or decoration and/or renovation to pay or contribute to the costs of repairs and/or decoration and/or renovation of any common part of any such building.
- 11.22 The Company has not entered into any assignments of rental or other monies payable under any leases or tenancies (if any) in respect of the Property.
- 11.23 The Property is not subject to any third parties rights (save for the mortgage in relation thereto).
- 11.24 There is no notice or order issued in relation to resumption or compulsory acquisition of the Properties or any part thereof under any legislation the implementation of which adversely affects the Properties or any part thereof.
- 11.25 No third party (whether related or otherwise) has any right or interest whatsoever (whether legal or equitable) in the Property or any part thereof (save for the mortgage

in relation thereto).

12. Litigation and contingent liabilities

- 12.1 The Company is not and has not been a party to any litigation, arbitration, prosecutions or other legal or contractual proceedings or hearings before any statutory, regulatory or governmental body, department, board of agency or to any material disputes or to or the subject of any investigation by any authority in the place where the business of the Company is conducted.
- 12.2 No litigation, arbitration, prosecution or other legal or contractual proceedings or investigations are threatened or pending either by or against the Company and there are no facts or circumstances, so far as the Vendor is aware, which might give rise to any such proceeding, investigation, hearing or to any dispute or to any payment.
- 12.3 There are no unfulfilled or unsatisfied judgment or court orders against the Company.
- 12.4 The Company does not have any contingent liabilities.

13. Contracts and Commitments

- 13.1 Since the Management Accounts Date, the Company has carried on its business in the ordinary course and, save as mentioned in or as contemplated by this Agreement, the Company has not entered into any transaction or incurred any material liabilities except in the ordinary course of its day-to-day business and on an arm's length basis for full value.
- 13.2 There is now no outstanding nor will there be outstanding at Completion with respect to the Company:
- (A) any agreement (whether by way of guarantee, indemnity, warranty, representation or otherwise) under which the Company is under any actual or contingent material liability in respect of the obligations of any person other than the Company;
 - (B) any contract to which the Company is a party which is of a long-term (i.e. more than one year) and non-trading nature or contains any unusual or unduly onerous provision;
 - (C) any sale or purchase option or similar agreement affecting any assets owned or used by the Company except those entered in the ordinary course of day to day trading operations;
 - (D) any material agreement entered into by the Company otherwise than by way of bargain at arm's length; and
 - (E) any management agreements, joint venture agreements, agency agreements, processing agreements, construction agreements or any form of agreement whatsoever which entitles any person to bind the Company contractually, to

settle, negotiate or compromise any accounts or claims or to collect, receive or share in any balances or sums payable to the Company save in the ordinary course of business.

- 13.3 The Company has not received any formal or informal notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand.
- 13.4 The Company is not under any obligation, or party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort and which is material in the context of the Company's business.
- 13.5 No party to any contractually binding agreement or arrangement with or under an obligation to the Company is in default under it, being a default which would be material in the context of the Company's financial or trading position and, so far as the Vendor is aware, there are no circumstances likely to give rise to such a default.
- 13.6 The Company is not in default under any agreement or obligation to which it is party or in respect of any other obligations or restrictions binding upon it.
- 13.7 In respect of the Company, there are no outstanding contracts, engagements or liabilities, whether quantified or disputed, save for (i) as shown in the Management Accounts or (ii) entered into in the ordinary course of the Company's day to day business operations.
- 13.8 With respect to the Company there are no:
 - (A) contractual arrangements between the Company and any party (including but not limited to financiers of the Company) which will or may be legally terminated as a result of the execution or completion of this Agreement; or
 - (B) liabilities for any statutory or governmental levy or charge other than for Taxation provision which has been made in the Management Accounts; or
 - (C) powers of attorney or other authorities (express or implied) which are still outstanding or effective to or in favour of any person to enter into any contract or commitment or to do anything on its behalf, or
 - (D) agreements or arrangements entered into by it otherwise than by way of bargain at arm's length; or
 - (E) contracts which are unusual or of a long-term nature or involving or which may involve obligations on it of a nature or magnitude calling for special mention or which cannot be fulfilled or performed on time or without undue or unusual expenditure of money or effort; or
 - (F) contracts or arrangements between itself and the parties hereto or their associates other than contracts in the ordinary course of their day to day trading

operations.

- 13.9 The execution and delivery by the Vendor of this Agreement does not, and the transfer of the Sale Share, the assignment of the Sale Loan and the consummation of the transactions contemplated by this Agreement by the Vendor will not, require any approval by or in respect of, or filing of, or filing with, any governmental body, agency or official (whether at the national, provincial, municipal, local or any other level) on the part of the Vendor.
- 13.10 The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby including the transfer of the Sale Share and the assignment of the Sale Loan will not contravene or constitute a default under or violation of (i) any provision of applicable law or regulations, (ii) the constitutional documents of the Company, or (iii) any agreement, judgement, injunction, order, decree or other instrument binding upon the Company.

14. Insolvency

- 14.1 No order has been made or petition presented or resolution passed for the winding up of the Company, nor has any distress, execution or other process been levied against the Company or action taken to repossess goods in the possession of the Company.
- 14.2 No steps have been taken for the appointment of an administrator or receiver of any part of the property or undertaking of the Company.
- 14.3 No floating charge created by the Company (if any) has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.
- 14.4 The Company is not and has not been a party to any transaction which may be avoided in a winding up.
- 14.5 The Company has not made or proposed any arrangement or composition with its creditors or any class of its creditors.

15. Operation and licences

- 15.1 The Company has conducted its business in accordance with all applicable laws and regulations and any relevant jurisdictions and there is no order, decree or judgment of any court or any governmental agency or of any foreign country or jurisdiction outstanding against the Company or which may have a Material Adverse Effect.
- 15.2 All necessary licences, consents, permits and authorities (public and private) have been obtained by the Company to enable it to carry on its business effectively in the places and in the manner in which such business is now carried on or is contemplated to be carried on and all such licences, consents, permits and authorities are valid and subsisting and the Vendor knows of no reason why any of them should be suspended, cancelled or revoked or should not be renewed or reissued upon or prior to their expiry.
- 15.3 The Company or any of its officers, agents or employees (during the course of their duties in relation to the Company) have not committed, or omitted to do, any act or

thing the commission or omission of which is, or could be, in contravention of any ordinance, order, regulation, enactment, statute or the like in Hong Kong or elsewhere which is punishable by fine or other penalty.

- 15.4 All necessary licences, permissions, approvals and consents required under all applicable laws for the businesses of the Company have been obtained by it and are in full force and effect, and the Vendor is not aware of any circumstances indicating that any of those licences, permissions, approvals or consents is likely to be revoked or not renewed in the ordinary course.
- 15.5 The Company is the legal and beneficial owner and is in lawful possession of the licences which are necessary or desirable for the condition of its business free from all Encumbrances and the terms and conditions as set out in such licences are legal and valid and have been issued or granted by the competent regulatory authorities.
- 15.6 The Company is conducting, has conducted and will, prior to each Completion, conduct the business of the Company in compliance with all applicable laws and regulations and any relevant jurisdictions.
- 15.7 There are no circumstances which give rise or, as far as the Vendor is aware, are likely to give rise or have given rise to any civil, criminal, administrative or other action, claim, suit, complaint, proceeding, investigation, decontamination, remediation or expenditure by any competent authority under applicable laws and regulations and any relevant jurisdictions in relation to any matter involving the Company.

16. Miscellaneous

- 16.1 All representations, warranties and undertakings contained in the foregoing provisions of this Schedule shall be deemed to be repeated immediately before Completion and to relate to the facts then existing.
- 16.2 The Company has not:
 - (A) committed any breach of any statutory provision, order or regulation binding upon it or of any provision of its memorandum of association or articles of association or of any trust deed, agreement or licence to which it is a party or of any covenant, mortgage, charge or debenture given by it;
 - (B) entered into any transaction which is still executory and which is or may be unenforceable by reason of the transaction being voidable at the instance of any other party or ultra vires, void or illegal; or
 - (C) omitted to do anything required or permitted to be done by it necessary for the protection of its respective title to or for the enforcement or the preservation of any order or priority of any properties or rights owned by it.
- 17.3 The Vendor has full power and authority to enter into and perform this Agreement, the Debt Assignment and the Tax Indemnity and the provisions of this Agreement, the Debt Assignment and the Tax Indemnity, when executed, will constitute valid and

binding obligations on the Vendor in accordance with its terms.

- 17.4 The execution and delivery of, and the performance by the Vendor of his obligations under, this Agreement, the Debt Assignment and the Tax Indemnity will not result in a breach of any order, judgment or decree of any court or governmental agency to which the Vendor is a party or by which it is bound.
- 17.5 The compliance by the Vendor with all the provisions of this Agreement, as well as the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of, or result in any third party consent being required under, the constitutional documents of any of the Vendor, any of the terms or provisions of any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Vendor or by which that Vendor is a party or to which any of the property or assets of that Vendor or any statute or any rule or regulation, including, without limitation, to the extent applicable, any order of any court or governmental agency or body having jurisdiction over the Vendor or the property or assets of the Vendor.
- 17.6 No consent, licence, approval or authorisation of or filing or registration with or other requirement of any governmental department authority or agency in the jurisdiction in which the Vendor resides is required by the Vendor in relation to the valid execution, delivery or performance of this Agreement (or to ensure the validity or enforceability thereof) and (as the case may be) the transfer of the Sale Share and the assignment of the Sale Loan.
- 17.7 Save as expressly provided or contemplated by this Agreement, no waivers, consents or approvals of any relevant governmental or regulatory authorities or other relevant third parties in Hong Kong or elsewhere are required by the Vendor in connection with the entry into and the implementation and completion of this Agreement by the Vendor, and no filings with any governmental regulatory authorities or other relevant third parties in Hong Kong or elsewhere are required on the part of the Vendor for the entering into and the implementation of this Agreement.
- 17.8 All written information given to the Purchaser and its professional advisers by the professional advisers, officers and employees of the Company and the Vendor during the negotiations prior to this Agreement was when given and is at the date hereof true and accurate.
- 17.9 All information disclosed or contained in this Agreement were when given true and accurate in all material respects and there is no material fact or material matter which has not been disclosed, which may render any such information or documents untrue, inaccurate or misleading at the date of this Agreement.

18. Powers of Attorney

There are no subsisting powers of attorney given by the Company and no person, as agent or otherwise, is entitled or authorised to bind or commit the Company to any obligation.

SCHEDULE 3
TAX INDEMNITY

SCHEDULE 3

Tax Indemnity

DATE: _____

PONG WILSON WAI SAN
(as the Vendor)

AND

ALPHA EASY LIMITED
(as the Purchaser)

AND

FLEXWOOD LIMITED
(as Company)

DEED OF TAX INDEMNITY

THIS DEED OF TAX INDEMNITY is dated

AMONG

- (1) **PONG WILSON WAI SAN**, holder of Hong Kong identity card number: D690884(6), of Unit A, 6/F., 9 Queen's Road Central, Hong Kong (the "**Vendor**");
- (2) **ALPHA EASY LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Purchaser**"); and
- (3) **FLEXWOOD LIMITED**, a company incorporated in the British Virgin Islands and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Company**").

WHEREAS:

- (A) This Deed is made pursuant to an agreement (the "**Agreement**") dated [*] March 2017 and made among the Vendor as vendor, the Purchaser as purchaser and Winfull Group Holdings Limited as issuer in relation to, inter alia, the sale and purchase of the entire issued share capital of the Company.
- (B) It is a condition of the Agreement that the Vendor shall enter into this Deed to provide the Purchaser and the Company with an indemnity subject to the terms and conditions herein contained.

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED as follows:

- I. (A) In this Deed, expressions defined or to which a meaning is assigned in the Agreement shall, unless otherwise defined herein, bear the same meanings when used herein.
- (B) In this Deed:
 - (i) "**Relief**" includes any relief, allowance, set off or deduction in computing profits or credit granted by or pursuant to any legislation or otherwise relating to all forms of Taxation;
 - (ii) "**Taxation**" means:
 - (a) any liability to any form of taxation whenever created or imposed and whether of Hong Kong or of any other part of the world and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, interest tax, salaries tax, property tax, estate duty, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, customs and exercise duties

and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities whether of PRC or of any other part of the world;

- (b) such an amount or amounts as is or are referred to in paragraph (iv) of this Clause; and
 - (c) all costs, interest, penalties, charges and expenses incidental or relating to the liability to taxation or the deprivation of Relief or of a right to repayment of taxation which is the subject of the indemnity contained in Clause 2(A) to the extent that the same is/are payable or suffered by the Company;
- (iii) “**Taxation Claim**” includes any assessment, notice, demand or other documents issued or action taken by or on behalf of the tax authority of Hong Kong or any other statutory or governmental authority whatsoever in Hong Kong or any other part of the world from which it appears that the Company is liable or is sought to be made liable for any payment of any form of Taxation or to be deprived of any Relief or right to repayment of any form of Taxation which Relief or right to repayment would but for the Taxation Claim have been available to the Company; and
- (iv) in the event of any deprivation of any Relief or of a right to repayment of any form of Taxation there shall be treated as an amount of Taxation for which a liability has arisen the amount of such Relief or repayment or (if smaller) the amount by which the liability to any such Taxation of the Company would have been reduced by such Relief if there had been no such deprivation as aforesaid, applying the relevant rates of taxation in force in the period or periods in respect of which such Relief would have applied or (where the rate has at the relevant time not been fixed) the last known rate and assuming that the Company had sufficient profits against which such Relief might be set or given.
- (C) In this Deed, unless the context otherwise requires, the singular includes the plural and vice versa, words importing any gender include every gender and references to persons include firms, companies and corporations.
- (D) In this Deed, references to clauses are to Clauses of this Deed.
2. (A) Without prejudice to any of the provisions of this Deed and subject as hereinafter provided, the Vendor hereby agrees with the Purchaser and the Company that he shall indemnify and at all times keep them and each of them indemnified against Taxation falling on the Company resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Completion Date or any event or transaction on or before the Completion Date whether alone or in conjunction with any circumstances whenever occurring.

- (B) The indemnity contained in sub-clause (A) above shall not apply to Taxation falling on the Company in respect of their current accounting periods or any accounting period commencing on or after the Completion Date.
3. The indemnity given by Clause 2 does not cover any Taxation Claim to the extent that such Taxation Claim arises or is incurred as a result of the imposition of Taxation as a consequence of any retrospective change in the legislations or regulations or laws or practices coming into force after the Completion Date or to the extent that such Taxation Claim arises or is increased by an increase in rates of Taxation after such date with retrospective effect.
 4. No claim under this Deed shall be made by the Purchaser and/or the Company in respect of the same Taxation.
 5. The indemnities given by this Deed do not apply to any liability (i) to the extent that reserve in respect thereof has been made in the Management Accounts or the Audited Accounts or to the extent that payment or discharge of such liability has been taken into account therein; and (ii) in respect of which reserve has been made in the Management Accounts or the Audited Accounts which is insufficient only by reason of any increase in the rates of Tax made after the date hereof with retrospective effect.
 6. In the event of any Taxation Claim arising, the Purchaser and the Company shall by way of covenant but not as a condition precedent to the liability of the Vendor hereunder give or procure that notice thereof is as soon as reasonably practicable given to the Vendor in the manner provided in Clause 11; and, as regards any such Taxation Claim, the Purchaser and the Company shall at the request of the Vendor take such action, or procure that such action be taken, as the Vendor may reasonably request to cause the Taxation Claim to be withdrawn, or to dispute, resist, appeal against, compromise or defend the Taxation Claim and any determination in respect thereof but subject to the Purchaser and the Company being indemnified and secured to its or their reasonable satisfaction by the Vendor against all losses (including additional Taxation), costs, damages and expenses which may be thereby incurred.
 7. (A) If after the Vendor has made any payment pursuant to Clause 2 hereof, the Company shall receive a refund of all or part of the relevant Taxation, the Company (if it shall receive such refund) shall repay or (if another of the Company shall receive such refund) shall procure repayment by such company, as the case may be, to the Vendor a sum corresponding to the amount of such refund less (if any):
 - (i) any expenses, costs and charges properly and reasonably incurred by the Company in recovering such refund; and
 - (ii) the amount of any additional Taxation which shall not have been taken into account in calculating any other payment made or to be made pursuant to this Clause but which is suffered by the Company in consequence of such refund.
 - (B) Any payments due by the Vendor pursuant to the foregoing provisions of this

Deed shall be increased to include such interest on unpaid tax as the Company shall have been required to pay pursuant to all applicable laws.

8. The Vendor shall not be liable in respect of any claim under this Deed unless the amount of each individual claim for which the Vendor would otherwise be liable under this Deed shall have exceeded HK\$[500,000] and the aggregate amount of all such individual claims shall have exceeded HK\$[1,000,000] and after which the Vendor shall be responsible for the entire amount claimed under this Deed.
9. The indemnities, agreements and undertakings herein contained shall bind the personal representatives or successors of the Vendor and shall enure for the benefit of each party's successors or assigns.
10. The whole or any part of the benefit of this Deed may be assigned by the Purchaser and the Company.
11. Any notice required to be given under this Deed shall be in writing and shall be delivered personally or sent by facsimile or by registered or recorded delivery post, postage prepaid to the respective party at the address set out herein or such other address as may have been last notified in writing by or on behalf of such party to the other parties hereto. Any such notice shall be deemed to be served at the time when the same is handed to or left at the address of the party to be served and if served by post or facsimile transmission at the time it would have been received in the normal course of post or facsimile.
12. This Deed is governed by and shall be construed in accordance with the laws of Hong Kong and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in relation to any proceedings arising out of or in connection with this Deed.
13. Unless otherwise provided herein, a person or company who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Deed.

IN WITNESS whereof this Deed of Tax Indemnity has been duly executed by all parties hereto on the day and year first above written.

THE VENDOR

SIGNED, SEALED AND DELIVERED)
)
by **PONG WILSON WAI SAN**)
)
in the presence of:)

THE PURCHASER

SIGNED by)
)
for and on behalf of)
)
ALPHA EASY LIMITED)
)
in the presence of:)

THE COMPANY

SIGNED by)
)
for and on behalf of)
)
FLEXWOOD LIMITED)
)
in the presence of:)

SCHEDULE 4

DEBT ASSIGNMENT

SCHEDULE 4

Deed of Assignment

DATE: _____

PONG WILSON WAI SAN
(as the Vendor)

AND

ALPHA EASY LIMITED
(as the Purchaser)

AND

FLEXWOOD LIMITED
(as Company)

DEED OF ASSIGNMENT

CONTENTS

<u>Clause</u>	<u>Heading</u>	<u>Page</u>
1.	Interpretation	
2.	Assignment of Debt.....	
3.	Acknowledgement by the Company	
4.	Further Assurance.....	
5.	Assigns	
6.	Governing Law and Jurisdiction	
Execution	

THIS DEED OF ASSIGNMENT is dated

AMONG:

- (1) **PONG WILSON WAI SAN**, holder of Hong Kong identity card number: D690884(6), of Unit A, 6/F., 9 Queen's Road Central, Hong Kong (the "**Vendor**");
- (2) **ALPHA EASY LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Purchaser**"); and
- (3) **FLEXWOOD LIMITED**, a company incorporated in the British Virgin Islands and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Company**").

WHEREAS:

- (A) As at the date hereof, the Company is indebted to the Vendor in the sum of HK\$[29,224,195] (the "**Debt**").
- (B) The parties hereto have agreed to enter into this Deed.

NOW THIS ASSIGNMENT WITNESSES AS FOLLOWS:

1. INTERPRETATION

- 1.1 In this Assignment, the expression "**this Assignment**" shall mean this Deed of Assignment, as amended from time to time.
- 1.2 The headings of this Assignment are inserted for convenience only and shall be ignored in construing this Assignment. Unless the context otherwise requires, references in this Assignment to the singular shall be deemed to include references to the plural and vice versa; references to one gender shall include all genders and reference to any person shall include an individual, firm, body corporate or unincorporate.

2. ASSIGNMENT OF DEBT

In consideration of the value received (the receipt whereof the Vendor hereby acknowledges), the Vendor hereby assigns to the Purchaser all its rights, titles, benefits and interests in the Debt and TO HOLD the same unto the Purchaser absolutely.

3. ACKNOWLEDGEMENT BY THE COMPANY

- 3.1 The Company hereby acknowledges receipt of the notice of assignment of the Debt in the manner provided in this Assignment.

- 3.2 The Company further acknowledges and confirms that it will pay to the Purchaser or as it may direct all sums in respect of the Debt at any time upon receipt of any instructions or notices from the Purchaser.

4. **FURTHER ASSURANCE**

The Vendor shall execute and do all such assurances, acts, deed and things as the Purchaser may require and procure other relevant parties so to do for perfecting, preserving and protecting the assignment of the Debt as herein provided and for perfecting, preserving or protecting all or any of the rights, powers or remedies conferred hereby.

5. **ASSIGNS**

This Assignment shall enure to the benefit of and be binding on each party and its respective successors and permitted assigns provided that none of the parties hereto shall assign or transfer or purport to assign or transfer any of its rights or obligations hereunder without the consent of the other parties hereto.

6. **GOVERNING LAW AND JURISDICTION**

- 6.1 This Assignment shall in all respects be governed by and construed in accordance with the laws of Hong Kong (“**Hong Kong**”) Special Administrative Region of the People’s Republic of China.
- 6.2 The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.
- 6.3 Unless otherwise provided herein, a person or company who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Assignment.

IN WITNESS whereof this Assignment has been duly executed by all parties hereto on the day and year first above written.

THE VENDOR

SIGNED, SEALED AND DELIVERED)
)
by **PONG WILSON WAI SAN**)
)
in the presence of:)

THE PURCHASER

SIGNED by)
)
for and on behalf of)
)
ALPHA EASY LIMITED)
)
in the presence of:)

THE COMPANY

SIGNED by)
)
for and on behalf of)
)
FLEXWOOD LIMITED)
)
in the presence of:)

SCHEDULE 5

Property

Location	Use
6TH FLOOR of NINE QUEEN'S ROAD CENTRAL erected on SECTION A OF MARINE LOT NO. 101, SECTION B OF MARINE LOT NO. 101, THE REMAINING PORTION OF SECTION C OF MARINE LOT NO. 101, THE REMAINING PORTION OF MARINE LOT NO. 101, THE REMAINING PORTION OF SECTION A OF MARINE LOT NO. 102, SECTION C OF MARINE LOT NO. 103 and THE REMAINING PORTION OF INLAND LOT NO. 514	Commercial

SCHEDULE 6

List of Tenancy Agreements

Unit	Tenant	Period	Current Monthly Rent (HK\$)
A	Winfull Group Holdings Limited	From 15 October 2016 to 14 October 2018	140,000
B	GRS Lab (HK) Ltd	From 5 September 2014 to 4 September 2017	118,163
C	Corney & Barrow Ltd	From 1 September 2014 to 31 August 2017	89,135
D	Corney & Barrow Ltd	From 1 September 2014 to 31 August 2017	78,897
E	iOne Financial Press Limited	From 1 June 2015 to 31 May 2017	182,000
F	Chien, Shih-Chieh	From 15 December 2016 to 14 December 2019	69,800
G	Fai Dee Holdings Limited	From 1 September 2015 to 31 August 2019	130,680
H	IRC Limited	From 1 June 2016 to 31 May 2018	113,850

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

THE VENDOR

SIGNED by)

PONG WILSON WAI SAN)

in the presence of:)



THE PURCHASER

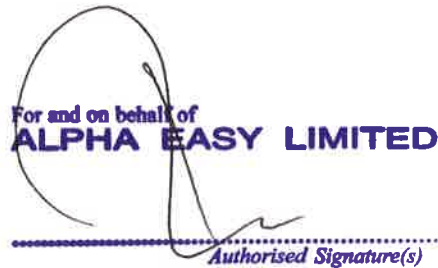
SIGNED by)

LEE WING YIN)

for and on behalf of)

ALPHA EASY LIMITED)

in the presence of:)



For and on behalf of
ALPHA EASY LIMITED

Authorised Signature(s)


HOLDINGS

SIGNED by LEE WING YIN)

for and on behalf of)

WINFULL GROUP HOLDINGS)
LIMITED)

in the presence of:)



For and on behalf of
Winfull Group Holdings Limited
.....
Authorized Signature(s)

Exhibit A

Audited Accounts

FLEXWOOD LIMITED
YEAR ENDED 31ST MARCH 2016

REPORTS
AND
FINANCIAL STATEMENTS

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DIRECTORS' REPORT
INDEPENDENT AUDITOR'S REPORT
INCOME STATEMENT
STATEMENT OF FINANCIAL POSITION
NOTES TO THE FINANCIAL STATEMENTS

LEE WING YIN
CERTIFIED PUBLIC ACCOUNTANT

李永賢
執業會計師

Unit 613C, 6th Floor, Hing Wai Centre, 7 Tin Wan Praya Road, Aberdeen, Hong Kong
Tel No. 6148 8641 Fax No.: 3007 0670
香港香港仔田灣海旁道七號興偉中心六樓六一三C室
電話: 6148 8641 圖文傳真: 3007 0670

FLEXWOOD LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and audited financial statements for the financial year ended 31st March 2016.

PRINCIPAL ACTIVITIES

The company carries on the business of property investment.

RESULTS AND DIVIDEND

The results of the company for the year ended 31 March 2016 and the state of affairs of the Company at that date are set out in financial statements on pages 5 to 14.

The Board of Directors does not recommend the payment of a dividend for the year.

BUSINESS REVIEW

As the Company falls within reporting exemption for the financial year, the Director is not required to prepare the report for the Business Review with the specified contents stated in the Companies Ordinance.

SHARE AND DEBENTURE ISSUED

No shares or debentures were issued or redeemed by the Company during the year.

EQUITY-LINKED ARRANGEMENTS

No equity-linked arrangements had been entered into or subsisted at the end of the financial year.

DIRECTORS

The Directors of the Company during the financial year and up to date of this report are:-

Pong Wilson Wai San
Tung Helena Ching Yee
Pong Kwok Boon Boondy
Pong Lo Shuk Yin Dorothy

FLEXWOOD LIMITED

DIRECTORS' REPORT (Continued)

PERMITTED INDEMNITY PROVISION

There were not any permitted indemnity provisions in force for the benefit of one or more directors of the Company during the financial year and at the time of approval of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

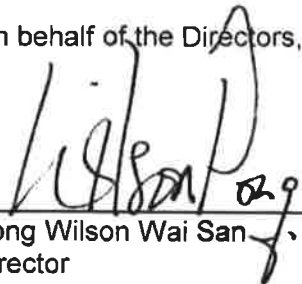
AUDITOR

The financial statements were audited by Lee Wing Yin, Certified Public Accountant, who now retire and, being eligible, offer himself for re-appointment.

APPROVAL OF DIRECTORS' REPORT

This report was approved by the Directors on 19th October 2016.

On behalf of the Directors,



Pong Wilson Wai San,
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF FLEXWOOD LIMITED**
(incorporated in Hong Kong with limited liability)

We have audited the financial statement of Flexwood Limited (the "Company") set out on pages 5 to 14, which comprise the statement of financial position as at 31st March, 2016, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

.....to be continued



李永賢執業會計師
LEE WING YIN


Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF FLEXWOOD LIMITED (Continued)
(incorporated in Hong Kong with limited liability)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company for the year ended 31st March 2016 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.


LEE WING YIN
CERTIFIED PUBLIC ACCOUNTANT
Unit 613C, 6th Floor, Hing Wai Centre,
7 Tin Wan Praya Road,
Aberdeen, Hong Kong

19th October 2016

FLEXWOOD LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2016

	<u>NOTE</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
TURNOVER	(4)	10,914,431	10,808,808
OTHER INCOME		18,175	469
ADMINISTRATIVE EXPENSES	(5)	(4,900,390)	(3,542,336)
FINANCE COSTS		<u>(716,112)</u>	<u>(744,856)</u>
PROFIT BEFORE TAXATION		5,316,104	6,522,085
INCOME TAX EXPENSES	(7)	<u>(657,842)</u>	<u>(829,938)</u>
PROFIT AFTER TAXATION		4,658,262 =====	5,692,147 =====

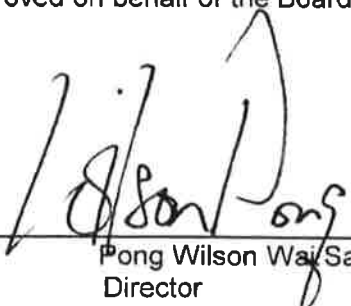
The notes on pages (7 to 14) form part of these financial statements.


FLEXWOOD LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2016**

	<u>NOTE</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
NON-CURRENT ASSETS			
Investment properties	(8)	119,394,139	120,677,947
		<u>-----</u>	<u>-----</u>
CURRENT ASSET			
Utility deposits		175,630	175,630
Other receivables		351,579	2,961
Amount due to holding company		8	8
Bank Balances		6,280,957	4,710,724
Tax Recoverable		1,970	-
		<u>6,810,144</u>	<u>4,889,323</u>
CURRENT LIABILITIES			
Deposits received		3,042,869	2,992,906
Accrued expenses and others payable		251,670	247,515
Tax payable		-	39,709
Bank borrowings - secured	(9)	60,122,047	64,160,705
Amount due to a director	(6)	<u>29,800,003</u>	<u>29,797,003</u>
		<u>93,216,589</u>	<u>97,237,838</u>
NET CURRENT LIABILITIES		<u>(86,406,445)</u>	<u>(92,348,515)</u>
NET ASSETS		<u>32,987,694</u>	<u>28,329,432</u>
EQUITY			
Share capital	(10)	8	8
Retained earnings	(11)	<u>32,987,686</u>	<u>28,329,424</u>
		<u>32,987,694</u>	<u>28,329,432</u>

The notes on pages (7 to 14) form part of these financial statements.

Approved on behalf of the Board by:


Pong Wilson Wai San
Director


Tung Helena Ching Yee
Director

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

(1) REPORTING ENTITY

Flexwood Limited is a private company incorporated in Hong Kong with limited liability. At the date of issue of these financial statements, the Company's registered office is located at Unit A, 6/F., 9 Queen's Road Central, Hong Kong. The principal activities of the Company are property investment. The Company does not produce financial statements available for public use.

The financial statements are presented in Hong Kong Dollars which is also the Company's functional currency.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small private company under sections 359(1)(a) and 361 of the Hong Kong Companies Ordinance (Cap. 622). The Company is therefore entitled to prepare and present its annual financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:-

- (i) Rental income is recognised on a time proportion basis over the lease terms.

(b) Income tax expense

Current tax is recognised as income or expense, except to the extent that the tax arises from a transaction or event that is recognised other than in the income statement, based on estimated taxable profit using the tax rates (or tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior reporting periods is, to the extent unpaid (or refundable), recognised as a liability (or an asset).

Deferred tax is not provided.

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation of investment property are over the remaining period of lease.

The gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the income statement is the difference between the sales proceeds and the carrying amount of the relevant asset.

(d) Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment of the assets. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, had no impairment losses been recognised for the asset in prior years.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(f) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (a) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - (b) has an interest in the Company that gives it significant influence over the Company; or
 - (c) has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv); or
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v).

(3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Useful lives and impairment of property, plant and equipment

In determining the useful lives of property, plant and equipment, the management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on last experience on similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at each financial year end date, based on changes in circumstances.

(4) REVENUE

An analysis of the Company's revenue is as follows:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Rental Income	10,914,431 =====	10,808,808 =====

(5) ADMINISTRATIVE EXPENSES

	<u>2016</u> HK\$	<u>2015</u> HK\$
Auditor's remuneration	3,000	3,000
Bank charges	1,380	1,640
Business registration fee	2,250	2,250
Consumable store	-	13,622
Depreciation	1,283,808	1,283,808
Directors Remuneration	2,720,000	974,000
Donation	849,180	1,087,789
Electricity	3,731	16,383
Entertainment	-	21,408
Exchange gain	-	33
Insurance	11,285	9,888
Legal and professional fee	15,078	10,008
Repair and maintenance	-	113,460
Stamp duty	10,678	5,047
	<u>4,900,390</u> =====	<u>3,542,336</u> =====

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(6) DIRECTORS' REMUNERATION AND LOANS

Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:-

	<u>2016</u> HK\$	<u>2015</u> HK\$
Acting as directors		
Salaries	2,720,000	974,000
Mandatory provident fund contributions	-	-
	<u>2,720,000</u> =====	<u>974,000</u> =====

Particulars of amount due from a director of the Company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:-

<u>Name of director</u>	<u>Outstanding principal and interest</u>			<u>Overdue amount</u> HK\$	<u>Provision</u> HK\$
	<u>At beginning of year</u> HK\$	<u>At end of year</u> HK\$	<u>Greatest outstanding</u> HK\$		
Pong Wilson Wai San	29,797,003 =====	29,800,003 =====	29,800,003 =====	- =====	- =====

The amount due from a director is unsecured, interest free and has no fixed repayment terms.

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(7) TAXATION

Hong Kong tax has been provided at the rate of 16.5% for the year ended 31 March 2015 and 2016.

Reconciliation between tax expense and accounting profits at applicable tax rates:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Profit before income tax	5,316,104 =====	6,522,085 =====
Tax calculated at 16.5%	877,157	1,076,144
Adjustment in respect of current tax of previous periods	-	(29,812)
75% of profits tax is waived subject to a ceiling of \$20,000	(20,000)	(20,000)
Tax effect on non-taxable revenue	(2,999)	(78)
Tax effect of temporary difference not recognised	<u>(196,316)</u>	<u>(196,316)</u>
Income tax expense	657,842 =====	829,938 =====

(8) INVESTMENT PROPERTIES

**INVESTMENT PROPERTIES
IN HONG KONG HELD ON
LONG-TERM LEASE
HK\$**

COST

At 1.4.2015 and at 31.3.2016 128,380,795

ACCUMULATED DEPRECIATION

At 1.4.2015 7,702,848

Charge for the year 1,283,808

At 31.3.2016 8,986,656

NET BOOK VALUE

At 31.3.2016 119,394,139
=====

At 31.3.2015 120,677,947
=====

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(9) BANK BORROWINGS – SECURED

The maturity of bank loans based on specified repayment schedule in banking facilities letters is as follows:-

	<u>2016</u> HK\$	<u>2015</u> HK\$
Repayable within one year	4,078,238	4,042,649
Repayable beyond one year	<u>56,043,809</u>	<u>60,118,056</u>
	60,122,047	64,160,705
	=====	=====

The above bank loans are not repayable within one year from the end of the reporting date but contain repayment on demand clause and shown under current liabilities. Notwithstanding the repayment on demand clause, the Company would anticipate the bank loans would be settled in accordance with the repayment schedule. In the event the repayment on demand clause is not enforced, the net current liabilities of the Company are as follows:-

	<u>2016</u> HK\$	<u>2015</u> HK\$
Net current liabilities as shown on Balance Sheet	(86,406,445)	(92,348,515)
Less: Bank loans not repayable within one year but repayable on demand clause	<u>56,043,809</u>	<u>60,118,056</u>
Net current liabilities	<u>(30,362,636)</u>	<u>(32,230,459)</u>
	=====	=====

FLEXWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(10) SHARE CAPITAL

	<u>2016</u> HK\$	<u>2015</u> HK\$
Issued and fully paid:-		
1 ordinary share without par value at beginning and end of year	8 ===	8 ===

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(11) CHANGES IN EQUITY

	<u>Share</u> <u>Capital</u> HK\$	<u>Retained</u> <u>Profits</u> HK\$	<u>Total</u> HK\$
At 1st April, 2015	8	28,329,424	28,329,432
Profit for the year	<u>-</u>	<u>4,658,262</u>	<u>4,658,262</u>
At 31st March, 2016	<u>8</u> =====	<u>32,987,686</u> =====	<u>32,987,694</u> =====

(12) RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in these financial statements, the Company had no significant transactions with related parties during the year.

(13) APPROVAL AND ISSUE OF FINANCIAL STATEMENTS

The statement of financial position was approved and the financial statements were authorised for issue by the Board of Directors on 19th October 2016.

Exhibit B

Management Accounts

Flexwood Limited
Profit and Loss Account
For the year ended 31 December 2016

		HK\$	HK\$
<i>Income</i>	Rental Income	(8,275,971.79)	
	Building Management Fee Income	(657,000.00)	
	Government Rent and Rates Income	(346,950.18)	(9,279,921.97)
		<hr/>	
<i>Cost</i>	Cost	-	
	Building Management Fee	657,000.00	
	Government Rent and Rates	346,950.00	1,003,950.00
		<hr/>	<hr/>
	Gross Profit		(8,275,971.97)
<i>Other Income</i>	Bank Interest Income S/A		(473.54)
<i>Other Income</i>	Bank Interest Income F/D		(80.13)
			<hr/>
			(8,276,525.64)
<i>Expenses</i>	General Expenses		
<i>Expenses</i>	Audit Fee	-	
<i>Expenses</i>	Bank Charges	1,280.00	
<i>Expenses</i>	Bank Interest exp	-	
<i>Expenses</i>	Business Registration	-	
<i>Expenses</i>	Dep' Property	962,855.96	
<i>Expenses</i>	Directors Remuneation	-	
<i>Expenses</i>	Donation	10,000.00	
<i>Expenses</i>	Donation - D	15,998.00	
<i>Expenses</i>	Donation - H	451,152.58	
<i>Expenses</i>	Electricity	(162.00)	
<i>Expenses</i>	Entertainment	-	
<i>Expenses</i>	Legal and Prof fee	-	
<i>Expenses</i>	Mortgage Loan Interest	511,948.51	
<i>Expenses</i>	Insurance	34,774.35	
<i>Expenses</i>	Stamp Duty	(1,315.50)	
<i>Expenses</i>	Sundry expenses	-	
<i>Expenses</i>	Taxation-P/L		1,986,531.90
		<hr/>	<hr/>
	(Profit)/Loss for the Period		(6,289,993.74)
<i>Tax</i>	Taxation		707,798.76
			<hr/>
	(Profit)/Loss After Tax		<u>(5,582,194.98)</u>

Flexwood Limited
Balance Sheet

		HK\$	HK\$
	Non-Current Assets		
<i>Non-Current Asset</i>	Property		128,380,795.00
<i>Non-Current Asset</i>	Acc. Dep		(9,949,511.61)
	Current Assets		
<i>Current Asset</i>	Hang Seng Bank HKD S/A	(500.00)	
<i>Current Asset</i>	Shanghai Comm Bank HKD C/A	134,907.32	
<i>Current Asset</i>	Shanghai Comm Bank HKD S/A	1,820,279.24	
<i>Current Asset</i>	Shanghai Comm Bank RMB S/A	53,973.23	
<i>Current Asset</i>	Shanghai Comm Bank HKD F/D	8,500,000.00	
<i>Current Asset</i>	Accounts Receivable	2,920.00	
<i>Current Asset</i>	Utility Deposit	175,630.00	
		<u>10,687,209.78</u>	
	Current Liabilities		
<i>Current Liabilities</i>	Director CA	(29,795,795.20)	
<i>Current Liabilities</i>	Bank Mortgage Loan	(57,065,931.31)	
<i>Current Liabilities</i>	Rental Deposit Receipt	(3,076,883.66)	
<i>Current Liabilities</i>	Accrued expenses and others payable	(124,103.49)	
<i>Current Liabilities</i>	Provsion for taxation	(485,890.76)	
		<u>(90,548,604.42)</u>	<u>(79,861,394.64)</u>
	Net Assets/(Liabilities)		<u><u>38,569,888.75</u></u>
	Equity		
<i>Equity</i>	Share Capital		(7.80)
<i>Equity</i>	Retained Profits b/f		(32,987,685.97)
<i>Equity</i>	(Profit)/Loss After Tax		(5,582,194.98)
			<u><u>(38,569,888.75)</u></u>
			(0.00)