

Dated 4 October 2021

COOLPAD GROUP LIMITED (酷派集團有限公司)

and

GREAT SHINE INVESTMENT LIMITED (宏暉投資有限公司)

and

MR. CHEN JIAJUN (陳家俊)

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SUBSCRIPTION AGREEMENT

in respect of 800,000,000 new ordinary shares of  
Coolpad Group Limited (酷派集團有限公司)

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**THIS AGREEMENT** is made on 4 October 2021.

**BETWEEN:**

1. **Coolpad Group Limited (酷派集團有限公司)**, an exempted company incorporated in the Cayman Islands, whose registered address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the “**Issuer**”); and
2. **Great Shine Investment Limited (宏暉投資有限公司)**, a company with limited liability incorporated in the British Virgin Islands, whose registered address is at Vistra Corporate Services Centre Wickham's Cay II Road Town Tortola VG1110 British Virgin Islands (the “**Subscriber**”); and
3. **Mr. Chen Jiajun (陳家俊)**, holder of People's Republic of China identity card with identification number: R318613(9) whose address is at 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the “**Guarantor**”).

**WHEREAS:**

- (A) The Issuer is an exempted company incorporated in the Cayman Islands and, as at the date of this Agreement, has 10,803,259,308 Shares in issue, and the Shares are listed on the HKSE.
- (B) The Issuer intends to obtain approval from the Shareholders at the EGM in respect of the issue of the Subscription Shares, pursuant to which, among other things, a specific mandate will be sought for the Directors to allot and issue the Subscription Shares.
- (C) The Board has authorised the issue and allotment of the Subscription Shares subject to the terms and conditions of this Agreement.
- (D) The Issuer has agreed to issue, and the Subscriber has agreed to subscribe for, the Subscription Shares subject to the terms and conditions of this Agreement. The Guarantor is the sole ultimate beneficial owner of the Subscriber and, at the request of the Subscriber, has agreed to irrevocably and unconditionally guarantee the obligations of the Subscriber under this Agreement.
- (F) The Issuer has entered into the Other Share Subscription Agreements dated the same date hereof with certain other subscribers, pursuant to which each of those subscribers has severally and conditionally agreed to subscribe for, and the Issuer has conditionally agreed to allot and issue a total of 2,200,000,000 Shares.
- (G) The Issuer has entered into the Warrant Agreement dated the same date hereof with SIG pursuant to which SIG has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to create and issue certain warrants to subscribe for (i) up to HK\$159,996,000 of Shares at the price per Share of HK\$0.6; (ii) up to HK\$186,662,000 of Shares at the price per Share of HK\$0.7; and (iii) up to HK\$213,344,000 of Shares at the price per Share of HK\$0.8, subject to the terms and conditions of such warrant subscription agreement.

**IT IS AGREED** as follows:

**1 INTERPRETATION**

- 1.1 In this Agreement, the following expressions have the following meanings:

“**Affiliate**” means:

- (a) in relation to an individual, that individual’s close relatives (being any spouse, child (including adopted child and step-child), parent or sibling of that individual), any person which is Controlled by that individual and/or that individual’s close relatives (acting singly or together) (“**Controlled Entity**”) and any Affiliate of a Controlled Entity; and
- (b) in relation to any other person, any other person that (directly or indirectly) Controls, is Controlled by or is under common Control with such person;

“**AML Laws**” has the meaning given to it in Paragraph 2.19 of Schedule 1;

“**Announcement**” means the announcement to be issued by the Issuer on the HKSE following execution of this Agreement in accordance with the Listing Rules;

“**Anti-Boycott Laws**” means the Laws administered and enforced by the US Departments of Treasury and Commerce prohibiting and/or restricting participating in, cooperating with, or otherwise supporting a foreign boycott that the US Government does not sanction;

“**Anticorruption Laws**” mean all Laws or orders relating to anti-bribery or anticorruption (governmental or commercial) which apply to the business and dealings of any member of the Group and the shareholders of any member of the Group; including Laws that prohibit the corrupt payment, offer, promise or authorisation of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any Government Official, Authority, commercial entity, or other any other person to obtain a business advantage; such as (if applicable) the Anti-Unfair Competition Law of the PRC, the Criminal Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, the Banking Ordinance of Hong Kong and the Independent Commission Against Corruption Ordinance of Hong Kong, the FCPA, the UK Bribery of 2010 and all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions;

“**Authorisation**” means any license, permit, consent, authorisation, resolution, exemption, filing, notarisation, variation, registration, permission, clearance or approval of any Authority or any other person;

“**Authority**” means: (a) any national, federal, state, county, municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government (including the HKSE or other stock exchange); (b) any agency, division, bureau, department or other political subdivision of any government, entity or organisation described in the foregoing paragraph (a) of this definition; (c) any company, business, enterprise or other entity owned, in whole or in part, or Controlled by any government, entity, organisation or other person described in the foregoing paragraphs (a) or (b) of this definition;

“**Balance Sheet Date**” means 31 December 2020;

“**Board**” means the board of Directors;

“**Business**” means the business of the Group;

“**Business Assets**” means all the assets of the Group and any assets used by or in connection with the Business or necessary for the operation of the Business (including the Fixed Assets

and the Business Premises), and all the Intellectual Property Rights used by or in connection with the Business;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general business in (unless otherwise stated) Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm);

“**Business Premises**” means the land, premises and other real property occupied or used by any member of the Group;

“**Change of Substantial Shareholding**” means (a) any person (including such person’s Affiliates)’s beneficial ownership of the issued share capital of the Issuer is greater than such total issued share capital beneficially held by Mr. Chen Jiajun and his Affiliates, as a result of which Mr. Chen Jiajun is no longer the largest shareholder of the Issuer; or (b) Mr. Chen Jiajun transfers, sells or assigns any issued share capital of the Issuer during the period between the date of this Agreement and the Completion Date;

“**Closing Account**” has the meaning given to it in Clause 4.4.

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

“**Completion**” means the completion of the subscription for and issue of the Subscription Shares in accordance with this Agreement;

“**Completion Date**” means the date for Completion, being the tenth Business Day after the last Condition Precedent is satisfied or waived in accordance with this Agreement (other than any Condition Precedent which is expressed to be fulfilled on or as at the Completion Date, but subject to the fulfilment or waiver of such Condition Precedent), or such other date as the Parties may agree in writing;

“**Computershare**” means Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Issuer;

“**Computer System**” means the Hardware, the Software and the Data (including all documentation, user’s manuals and training materials relating to any of the foregoing, including any translations thereof);

“**Conditions Precedent**” means the conditions precedent set forth in Clause 3;

“**Confidential Information**” has the meaning given to it in Clause 16.1;

“**connected person**” has the meaning given to it in the Listing Rules;

“**Constitution**” means, at any time, the memorandum of association and articles of association of the Issuer at that time;

“**Control**” means:

- (a) in relation to a corporate person: (i) direct or indirect ownership or control of more than 30% of the outstanding voting securities of such corporate person; (ii) the ability to appoint or remove more than one-third of the directors of the board (or equivalent governing body) of such person; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of such person; or (iv) the ability to

direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or

- (b) in relation to a non-corporate person: (i) direct or indirect ownership or control of a comparable voting interest (as set forth in paragraph (a) above) for such person; (ii) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or (iii) the operational or practical control of such person,

and the terms “**Controls**”, “**Controlling**” and “**Controlled**” shall be construed accordingly;

“**Coolpad International**” has the meaning given to it in Clause 6.2(d);

“**Data**” means any data, libraries, databases, compilations or information (whether machine readable, on paper or otherwise) used by or for the benefit of the Business at any time and stored electronically at any time;

“**Data Protection Legislation**” means all statutes, enacting instruments and codes of practice in Hong Kong (and any other relevant jurisdiction) concerning the protection and/or processing of personal data;

“**Diligence Documents**” means the documents and other information relating to any member of the Group made available to the Subscriber on the USB (or other means via the online platform of Baidu Netdisk (百度网盘)) provided by, or on behalf of, the Issuer to the Subscriber or its Representatives prior to the date of this Agreement, the receipt of which is hereby acknowledged by the Subscriber;

“**Director**” means a director of the Issuer;

“**Disclosed**” means, in respect of any fact, matter or circumstance, that such fact, matter or circumstance is fully and fairly disclosed to the Subscriber in the Diligence Documents or the Previous Announcements (excluding any disclosure in the Diligence Documents or the Previous Announcements which relate to financial forecasts, risk factors or industry overview and other statements that are similarly non-specific, predictive, cautionary or forward-looking);

“**EGM**” means an extraordinary general meeting of the Shareholders duly convened and held in accordance with the Constitution;

“**Employee**” means an individual who is employed by any member of the Group;

“**Encumbrance**” means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind securing any obligation of any person or any agreement or arrangement having a similar effect, and “**Encumber**” shall be construed accordingly;

“**Environment**” means: (a) all or any of the following media: air (including the air within buildings or other natural or man-made structures above or below ground), water (including surface or ground water, water in pipes, drainage or sewerage systems) and/or land; and (b) any living organisms (including human beings) or systems supported by all or any of those media;

“**Environmental Laws**” means all or any Laws relating to Environmental Matters;

**“Environmental Matters”** means all or any matters relating to the pollution or protection of the Environment, the use, storage, handling, transportation or disposal of Hazardous Material, human health and safety (including health and safety of employees, occupiers and invitees, and fire safety) and matters relating to the construction, demolition, alteration or use of buildings or land to the extent that they relate to any of the foregoing;

**“Ex-Im Laws”** means all US, Chinese, and any other applicable Laws regulating the export, re-export, transfer, deemed export or import of goods, services, technology, software or any other items;

**“FCPA”** means the US Foreign Corrupt Practices Act of 1977;

**“Financial Statements”** means the audited consolidated financial statements of the Group for the year ended on the Balance Sheet Date;

**“Fixed Assets”** means all fixtures and fittings and other fixed plant, machinery and equipment physically attached to the Owned Business Premises, and all the plant and machinery, tools and equipment, vehicles and office furniture and other tangible property owned by the Group or which is or will be used by, or in connection with, the Business or necessary for the operation of the Business;

**“Fundamental Warranties”** means the Warranties set forth in Paragraphs 1.1 to 1.4, 1.6, 2.2, 2.9, 2.10, 2.15, 3.6, 4 and 7 of Schedule 1;

**“Government Official”** means: (a) any official, officer, employee or any person acting in an official capacity for or on behalf of any Authority; (b) any political party or party official or candidate for political office; (c) a Politically Exposed Person (PEP) as defined by the Financial Action Task Force (FATF) or Groupe d’action Financière sur le Blanchiment de Capitaux (GAFI); or (d) any company, business, enterprise or other entity owned, in whole or in part, or controlled by any person described in the foregoing paragraphs (a), (b) or (c) of this definition;

**“Group”** means the Issuer and its Subsidiaries, and **“member of the Group”** shall be construed accordingly;

**“Group Registered IP”** has the meaning given to it in Paragraph 10.2(a) of Schedule 1;

**“Hardware”** means any computer equipment used by or for the benefit of the Business (or, where so specified, by or for the benefit of any other person) at any time (including parts of computer equipment such as firmware, screens, terminals, keyboards, disks, cabling and other peripheral and associated electronic equipment, but excluding all Software);

**“Hazardous Material”** means any wastes, pollutants, contaminants and any other natural or artificial substance, material or waste (whether in the form of a solid, liquid, gas or vapour) which is capable of causing harm or damage to the Environment or a nuisance to any person, or for which liability or standards of conduct may be imposed under Environmental Laws;

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

**“HKFRS”** means the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

**“HKIAC”** has the meaning given to it in Clause 20.2;

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

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**Indemnified Party**” has the meaning given to it in Clause 8.7;

“**Intellectual Property Rights**” means:

- (a) copyrights, patents, goodwill, Know-How, trade secrets, Data and data base rights, trade marks, service marks, trade names, business names, domain names, works of authorship, inventions, rights in Software, logos, get-up and designs (whether registered or unregistered);
- (b) registrations, applications for registration (including all corresponding foreign counterpart applications, re-issues, re-examinations, divisionals, continuations, part and extensions thereof) and the right to apply for registration for any of the same; and
- (c) all other intellectual property rights and equivalent or similar forms of protection, howsoever described, existing anywhere in the world;

“**Interim Balance Date**” means 30 June 2021;

“**Interim Statements**” means the unaudited consolidated financial statements of the Group for the six month period ended on the Interim Balance Date;

“**Issuer Affiliate**” means the Issuer or any other member of the Group, or any director, officer, agent, employee, representative, consultant or any other person acting for or on behalf of the foregoing (individually or collectively);

“**Know-How**” means all technical and commercial information, data and documents of whatever kind (including the knowledge and skill of employees, drawings, specifications, photographs, samples, models, processes, procedures, reports and correspondence) and the underlying copyright in works of authorship (other than Software) embodying the foregoing, but excluding any other intellectual property rights rested thereon;

“**Law**” means all civil, criminal and common law, statute, subordinate legislation, treaty, regulation, directive, decision, by-law, ordinance, circular, code, order, notice, demand, decree, injunction, resolution or judgment of any Authority (including the Listing Rules): (a) as to any person, in each case applicable to or binding upon such person or any of its property (or which such person or any of its property is subject); or (b) applicable to any or all of the transactions contemplated or referred to in this Agreement;

“**Leshi Group**” means Leview Mobile HK Limited, its ultimate beneficial owner(s) (including Mr. Jia Yueting) and their respective Affiliates;

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

“**Long Stop Date**” means 31 December 2021 (or such later date as the Issuer and the Subscriber may agree in writing from time to time);

“**Losses**” means, with respect to any individual or entity, any and all actions, claims, losses, liabilities, Taxes, damages (including fines, penalties and administrative, criminal or civil judgments and settlements), costs (including court costs and the costs of retaining expert witnesses), expenses (including reasonable attorneys’, accountants’ and consultants’ fees), disbursements, diminution in value, penalty or settlement of any kind or nature, including: (a) any Taxes that may be payable by such individual or entity by reason of the indemnification



of any Loss; and (b) any sum of required deduction or withholding from a payment to such individual or entity by reason of the indemnification of any Loss;

“**Management Accounts**” means the unaudited consolidated management accounts of the Issuer for the six months period ended on the Management Accounts Date;

“**Management Accounts Date**” means 30 June 2021;

“**Managers**” has the meaning given to it in Paragraph 11(a) of Schedule 1;

“**Material Adverse Change**” means any change, effect, event, occurrence, state of facts or any combination of them that is (or could reasonably be expected to be) materially adverse to the business, operations, properties, assets (tangible or intangible, including the Business Assets), liabilities (including contingent liabilities), earnings, results of operations or financial condition of the Group taken as a whole, or to the ability of the Issuer to perform its obligations under this Agreement, provided that any effect, event, occurrence, state of facts or any combination of them resulting from COVID-19 shall not constitute, and shall be excluded in determining whether there has been the occurrence of, a Material Adverse Change, except to the extent any such effects affect the Group in a materially disproportionate manner as compared to other businesses that participate in the business that the Group operates;

“**Material Contracts**” has the meaning given to it in Paragraph 2.6(a) of Schedule 1;

“**Material Permits**” has the meaning given to it in Paragraph 2.15(a) of Schedule 1;

“**OFAC**” means the US Department of the Treasury’s Office of Foreign Assets Control or its successor organisation from time to time;

“**Other Share Subscription Agreements**” means, collectively, the share subscription agreements dated the same date hereof entered into between the Issuer and certain other subscribers, pursuant to which each of those subscribers has severally and conditionally agreed to subscribe for, and the Issuer has conditionally agreed to allot and issue an aggregate of 2,200,000,000 Shares;

“**Owned Business Premises**” means the land, premises and other real property owned by any member of the Group;

“**Party**” means a party to this Agreement, and “**Parties**” means all of them;

“**PRC**” means the People’s Republic of China;

“**Previous Announcements**” means all the annual reports for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, all the interim reports and all other announcements and circulars issued by the Issuer on the website of HKSE ([www.hkexnews.hk](http://www.hkexnews.hk)) from 1 January 2018 up to the Completion Date;

“**Principal Business**” means the business of the Group relating to the sale of mobile phones and smartphones, the provision of wireless application services, the research and development of smartphone operation systems and software, mobile data platform system, other value-added business operations and property investment;

“**Proceedings**” means any proceeding, suit or action arising out of or in connection with this Agreement or its subject matter (including its validity, formation at issue, effect, interpretation, performance or termination) or any transaction contemplated by this Agreement;

“**Records**” has the meaning given to it in Paragraph 5.1 of Schedule 1;

“**Regulation S**” means Regulation S under the Securities Act;

“**Representative**” means, in relation to any person, such person’s directors, officers, employees, agents, delegates, lawyers, accountants, managers, administrators, nominees, trustees, custodians, bankers or other professional advisers;

“**Representative Body**” means any association, trade union, works council or any other persons elected or appointed to represent any of the Employees;

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local counterpart, as applicable;

“**Sanctioned Country**” means any country or region that is the subject or target of a comprehensive embargo under Sanctions Laws (including Cuba, Iran, North Korea, Sudan, Syria and the Crimea region of the Ukraine, as may be amended from time to time);

“**Sanctioned Person**” means any individual, entity or vessel that is the subject or target of sanctions under Sanctions Laws, including: (a) any individual, entity or vessel listed on any US, Chinese or other sanctions-related restricted party list (including OFAC’s List of Specially Designated Nationals and Blocked Persons); (b) any entity that is 50% or more owned or otherwise controlled by an individual or entity described in paragraph (a) above; or (c) any national of a Sanctioned Country (excluding any such national that has taken up permanent residence outside the relevant Sanctioned Country);

“**Sanctions Laws**” means all economic or financial sanctions Laws, measures or embargoes administered or enforced by the United States (including OFAC or the US Department of State), China, the European Union, the United Nations, the United Kingdom or any other relevant sanctions Authority;

“**Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

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

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

“**SIG**” means SAI Growth Fund I, LLLP, a limited liability limited partnership formed in the State of Delaware, the United States of America;

“**Share Option Scheme**” means the Issuer’s share option schemes adopted in 2014, details of which are set out in the Financial Statements;

“**Share Options**” means the share options granted to eligible participants under the Share Option Scheme;

“**Shareholder**” means a holder of any Shares, whose name is entered on the register of members of the Issuer;

“**Shares**” means the ordinary shares with a par value of HK\$0.01 each in the share capital of the Issuer;

**“Software”** means any set of instructions for execution by a computer processor used by or for the benefit of the Business (or, where so specified, by or for the benefit of any other person) at any time (irrespective of application, language or medium), including software, firmware, middleware and computer programs (in each case, whether in source code, object code, or other format);

**“Subscription”** means the subscription of the Subscription Shares in accordance with this Agreement;

**“Subscription Price”** means HK\$224,000,000;

**“Subscription Shares”** means 800,000,000 new Shares to be allotted and issued by the Issuer and to be subscribed by the Subscriber pursuant to this Agreement;

**“Subsidiary”** of a controlling entity (the **“Controlling Person”**) means:

- (a) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);
- (b) any partnership of which the Controlling Person (or one or more of its Subsidiaries):
  - (i) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; or
  - (ii) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
- (c) any other person of which at least 50% of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);

**“Surviving Provisions”** means Clause 1 (Interpretation), Clause 8.7 (Indemnity), Clause 11 (Notices), Clause 13 (Costs and Expenses), Clause 14 (General Provisions), Clause 15 (Announcements), Clause 16 (Confidentiality), Clause 18 (Language), Clause 19 (Counterparts), Clause 20 (Governing Law and Jurisdiction) and Schedule 3;

**“Takeovers Code”** means the Hong Kong Code on Takeovers and Mergers issued by the SFC;

**“Tax”** or **“Taxation”** means all forms of taxation, duties, levies, imposts and other similar impositions of any jurisdiction whether central, regional or local (including corporate income tax, value added tax, goods and services tax, personal income tax, withholding tax, import tax, export tax, stamp duty and other transaction or documentary taxes, social security and state pension contributions, taxes arising from the ownership of any property or assets, payroll and employment taxes, taxes arising on the sale, lease, hire, gift or other disposal of real or personal assets or property, and taxes of any kind whatsoever), together with any interest and levies and all penalties, charges, costs and additions to tax in relation to any of the foregoing or resulting from failure to comply with the provisions of any legislation, enactment or other law relating to the foregoing;

“**Tax Authority**” means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation;

“**United States**” or “**US**” means the United States of America;

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

“**Warrant Agreement**” means the warrant subscription agreement dated the same date hereof with SIG, pursuant to which SIG has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to create and issue certain warrants, subject to the terms and conditions of such warrant subscription agreement;

“**Warranties**” means the representations, warranties and undertakings contained in Clause 7 and Schedule 1, and “**Warranty**” means any one of them; and

“**Wire Transfer Instruction**” has the meaning given to it in Clause 4.4.

1.2 The expressions “**Issuer**” and “**Subscriber**” shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them.

1.3 Any statement in this Agreement qualified by the expression “**to the best of the Issuer’s knowledge**” or “**so far as the Issuer is aware**”, or any similar expression, shall be deemed to include an additional statement that it has been made after due and careful enquiry, and shall be deemed also to include the best information, knowledge and belief of the management team and key staff of the Issuer and each member of the Group in relation to the subject of the Warranty which such persons have responsibility (and each of such persons shall be deemed to have knowledge of such matters as he/she would have discovered, had he/she made due and careful enquiries).

1.4 In this Agreement, except where the context otherwise requires:

(a) a reference to Clauses, Paragraphs, Schedules, Appendices and Recitals are to the clauses, paragraphs, and recitals of, and schedules and appendices to, this Agreement;

(b) a reference to this Agreement or to any specified provision of this Agreement are to this Agreement or provision as in force for the time being (as amended, modified, supplemented, varied, assigned or novated, from time to time);

(c) a reference to this Agreement includes the Schedules and the Appendices to it, each of which forms part of this Agreement for all purposes;

(d) a reference to a “**person**” shall be construed so as to include any individual, company, corporation, joint stock company, body corporate, association, trust, joint venture, partnership, firm, organisation, Authority or any other entity (whether or not having separate legal personality), its successors and assigns;

(e) a reference to writing shall include any mode of reproducing words in a legible and non-transitory form;

(f) a reference to a time of a day is to Hong Kong time;

(g) a reference to any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what

most nearly approximates the Hong Kong legal term in that jurisdiction and references to any Hong Kong statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;

- (h) a reference to any Law, enactment or Listing Rule includes references to:
  - (i) that Law, enactment or Listing Rule as re-enacted, amended, extended or applied by or under any other enactment (before or after execution of this Agreement);
  - (ii) any Law, enactment or Listing Rule which that Law, enactment or Listing Rule re-enacts (with or without modification); and
  - (iii) any subordinate legislation made (before or after execution of this Agreement) under any Law or enactment, as re-enacted, amended, extended or applied, as described in sub-paragraph (i) above, or under any Law or enactment referred to in sub-paragraph (ii) above,

except to the extent that any Law, enactment or subordinate legislation made or enacted after the date of this Agreement would create or increase a liability of the Parties under this Agreement, and “**Law**” and “**enactment**” includes any legislation in any jurisdiction;

- (i) the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement and, in the event that a question of interpretation arises (including as to the intention of the Parties), no presumption or burden of proof shall arise in favour of or against any Party based on the authorship of any provisions;
- (j) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (k) headings are included in this Agreement for convenience only and do not affect its interpretation;
- (l) the word “**including**” shall be construed without limitation;
- (m) where any Party undertakes or assumes any obligation in this Agreement, that obligation is to be construed as requiring the Party concerned to exercise all rights and powers of control over the affairs of any other person which it is able to exercise (whether directly or indirectly) in order to secure performance of the obligation; and
- (n) any share calculation that makes reference to a specific date shall be appropriately adjusted to take into account any bonus share issue, share subdivision, share consolidation or combination, share split, recapitalisation, reclassification or similar event affecting the Shares after such date.

1.5 In calculations of share numbers or percentages under this Agreement, references to “**fully-diluted basis**” and “**as-converted basis**” shall mean that the calculation is to be made assuming that all outstanding options, warrants and other securities convertible into or exercisable or exchangeable for ordinary shares (whether or not by their terms then currently convertible, exercisable or exchangeable) have been so converted, exercised or exchanged. Any such share calculation shall be appropriately adjusted to take into account any share split, share consolidation, recapitalization, bonus issue, reclassification or similar event. References to a person’s stake, interest or similar terms shall (unless the context deems otherwise) refer

to the aggregate amount of equity interests held by such person and its Affiliates in the applicable entity.

## **2 SUBSCRIPTION FOR AND ISSUE OF THE SUBSCRIPTION SHARES**

- 2.1 Subject to fulfilment (or, as the case may be, waiver) of the Conditions Precedent, the Issuer shall issue and allot the Subscription Shares to the Subscriber or its nominee (which shall be an Affiliate of the Subscriber), and the Subscriber shall subscribe for (or procure the subscription by its nominee of) the Subscription Shares (free and clear from all Encumbrances and together with all rights attaching to the Subscription Shares as at the Completion Date including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date) for the Subscription Price, on the Completion Date.
- 2.2 The Subscription Price shall be payable by the Subscriber to the Issuer on Completion as provided in Clause 4.4.

## **3 CONDITIONS PRECEDENT**

- 3.1 The obligations of each Party to effect Completion shall be conditional upon satisfaction or waiver of the following conditions, or their satisfaction subject only to Completion:
- (a) approval by way of ordinary resolutions at the EGM (by a simple majority of the votes cast by the Shareholders entitled to vote and present at the EGM (in person (or if a corporate, by authorised representative) or by proxy) (other than those who are required by the HKSE and / or the Listing Rules to abstain from voting) in respect of the issue and allotment of the Subscription Shares and the granting of authority to the Board to deal with all related matters and such approval remaining valid and effective);
  - (b) the Listing Committee of the HKSE having granted the approval for the listing of and the permission to deal in all the Subscription Shares, and such approval remains valid and effective;
  - (c) the Issuer having complied with all of its obligations under this Agreement;
  - (d) no order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to Completion (and no legal or regulatory requirements remaining to be satisfied) which has the effect of making unlawful or otherwise prohibiting the Subscription or any transactions contemplated by this Agreement;
  - (e) no litigation, action, suit, investigation, claim or proceeding challenging the legality of, or seeking to restrain, prohibit or materially modify, the Subscription or any transactions provided for by this Agreement having been instituted and not settled or otherwise terminated;
  - (f) there has been no occurrence of a Material Adverse Change on or prior to Completion; and
  - (g) the Warranties remaining true and accurate in all respects and not misleading in any respect on the Completion Date, and no event has occurred and no matter has arisen which would render any of the Warranties untrue, inaccurate or misleading.
- 3.2 The Subscriber may waive (in whole or in part, whether conditionally or unconditionally) any of the Conditions Precedent (except for Clauses 3.1(a) and 3.1(b)), provided that any such

waiver shall be without prejudice to the Subscriber's right under this Agreement to elect to treat any further or other such breach, failure or event as releasing and discharging the Subscriber from its obligations to subscribe for the Subscription Shares under this Agreement. The Issuer may not waive any of the Conditions Precedent.

- 3.3 The Issuer undertakes to use its best endeavours to ensure that the Conditions Precedent are fulfilled as soon as reasonably practicable after the date of this Agreement (and in any event before the Long Stop Date). Each Party shall furnish such information, supply such documents, pay such fees and do all such acts and things as may be reasonably required by the other Parties or any relevant Authority in connection with the fulfilment of the Conditions Precedent to which it is responsible.
- 3.4 Without limiting the generality of Clause 3.3, in connection with the Condition Precedent set out in Clause 3.1(a):
- (a) the Issuer shall use its reasonable endeavours to: (i) prepare, finalise and post a circular to its Shareholders and/or such other announcements, documents, notices and communications as may be required by applicable Law (including the Listing Rules) and the Constitution, in each case, subject to clearance of the same (if required) by the HKSE, as soon as practicable, which shall, amongst other things, convene the EGM to consider resolutions to be passed by the relevant Shareholders for the purposes set out in Clause 3.1(a); and (ii) hold the EGM as soon as practicable;
  - (b) the Issuer undertakes to provide the Subscriber (or advisers nominated by the Subscriber) with draft copies of all circulars, announcements, documents, notices and other communications to be sent to the Shareholders as referred to in Clause 3.4(a) at such time as will allow the Subscriber a reasonable opportunity to provide comments on the relevant draft circulars, announcements, documents, notices and other communications before they are finalised and despatched or released; and
  - (c) subject to the requirements under applicable Laws (including the Listing Rules) and the Constitution, the Issuer undertakes and agrees to take into account in good faith any reasonable comments provided by the Subscriber in relation to any circulars, announcements, documents, notices and other communications proposed to be despatched or released to the extent they relate to the transactions contemplated by this Agreement.
- 3.5 Without limiting the generality of Clause 3.3, in connection with the Conditions Precedent set out in Clauses 3.1(a) and 3.1(b):
- (a) as soon as reasonably practicable after the date of signing of this Agreement, the Issuer shall file, or shall procure the filing of, the notices and applications necessary to satisfy such Conditions Precedent;
  - (b) the Issuer and the Subscriber shall supply as promptly as practicable any additional information and documentary material that may be requested by the HKSE in connection with such Conditions Precedent;
  - (c) to the extent permissible under applicable Laws, the Issuer shall as soon as reasonably practicable notify the Subscriber of any written communication from the HKSE in relation to satisfying such Conditions Precedent;
  - (d) the Issuer shall, to the extent permissible under applicable Laws and to the extent practicable and as soon as it becomes practicable, provide copies of any proposed communication with the HKSE in connection with such Conditions Precedent to the

Subscriber, together with any supporting documentation or information reasonably requested by the Subscriber, and shall, to the extent practicable, take due consideration of any reasonable comments that the Subscriber may have in relation to such proposed communication prior to making it;

- (e) subject to the Issuer's consent (which shall not be unreasonably withheld or delayed), the Subscriber shall have the right to send its representatives (including external advisers) to attend the Issuer's meetings with the HKSE in relation to such Conditions Precedent, provided that the HKSE has agreed thereto; and
  - (f) each of the Issuer and the Subscriber shall not take (and shall refrain from taking) any action which may delay, impede or prejudice the satisfaction of such Conditions Precedent.
- 3.6 The Issuer shall, not later than the Business Day after being notified in writing to the HKSE that the approval for the listing of, and permission to deal in, the Subscription Shares has been granted, give written notice to the Subscriber.
- 3.7 If the Conditions Precedent have not been fulfilled (or, as the case may be, waived) by the Long Stop Date, the Subscriber may (by notice in writing to the Issuer) terminate this Agreement whereupon this Agreement (save and except the Surviving Provisions, which shall survive termination of this Agreement) shall lapse immediately thereafter and be of no further effect, but (for the avoidance of doubt) all rights and liabilities of the Parties which have accrued before termination shall continue to exist.
- 3.8 Each Party undertakes to disclose in writing to the other Parties anything which will or may prevent any of the Conditions Precedent from being satisfied on or prior to the Long Stop Date promptly after it comes to its notice.
- 3.9 The Issuer shall deliver to the Subscriber reasonable evidence for the satisfaction of the Conditions Precedent in Clause 3.1 as soon as reasonably practicable after its fulfilment.

#### **4 COMPLETION**

- 4.1 Subject to the Conditions Precedent being fulfilled (or, as the case may be, waived by the relevant Party(ies)), Completion shall take place at the office of Baker & McKenzie, 14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong at 10:00 am (or at such other place, time or date as the Parties may agree) on the Completion Date.
- 4.2 At or before Completion, the Issuer shall procure that a meeting of the Board is duly convened and held in accordance with the Constitution at which the execution of this Agreement and the performance by the Issuer of its obligations hereunder is approved and/or ratified.
- 4.3 At Completion, all (but not some only, unless the Subscriber so agrees) of the following business shall be transacted:
- (a) the Issuer shall issue the Subscription Shares to the Subscriber (or its nominee) free and clear of all Encumbrances and credited as fully paid on terms that they rank *pari passu* in all respects with the existing issued Shares (including the right to rank in full for all distributions declared, paid or made by the Issuer after the Completion Date) and shall promptly thereafter register (or procure the share registrar to register) the Subscriber as a registered shareholder of the Issuer in respect of the Subscription Shares in the branch register of members of the Issuer maintained by Computershare;



- (b) the Issuer shall deliver to the Subscriber, each in form and substance to the reasonable satisfaction of the Subscriber:
  - (i) a certified true copy of the Board resolutions approving and/or ratifying the matters below:
    - (A) approving the terms of, and the transactions contemplated by, this Agreement and resolving that the Issuer executes this Agreement;
    - (B) authorising a specified person or persons to execute this Agreement on the Issuer's behalf;
    - (C) authorising a specified person or persons, on behalf of the Issuer, to sign, execute and/or despatch all documents and notices to be signed, executed and/or despatched by it under or in connection with this Agreement; and
    - (D) a specimen of the signature of each person authorised by the resolution referred to in Clause 4.3(b)(i)(B) above;
  - (ii) the original definitive share certificates in respect of the Subscription Shares in the name of the Subscriber (or its nominee);
  - (iii) a certified true copy of the confirmation letter issued by Computershare confirming that the Subscriber (or its nominee) is the registered holder of the Subscription Shares;
  - (iv) a copy of the approval from the HKSE for the listing of, and permission to deal in, all the Subscription Shares; and
  - (v) a closing certificate, dated as at the Completion Date and addressed to the Subscriber from the Issuer, executed by a Director (or another duly authorised signatory) and substantially in the form set out in Schedule 2, and attaching thereto as exhibits all supporting documents, showing such fulfilment.

4.4 Subject to the Issuer's compliance with Clause 4.3, at Completion, the Subscriber shall pay or cause to be paid the Subscription Price, in HKD or USD (based on a fixed exchange rate of HKD7.775 : USD1) (at the Subscriber's election) by wire transfer of immediately available funds to the Issuer's bank account (the "**Closing Account**"), provided that the details of the Closing Account shall be provided by the Issuer in the duly executed wire transfer instruction in the form and substance as set out in Appendix 1 (the "**Wire Transfer Instruction**") to the Subscriber at least five Business Days prior to the Completion Date.

4.5 If the obligations of the Issuer under Clause 4.3 or if the obligations of the Subscriber under Clause 4.4 are not complied with on the Completion Date, the non-default Party may, without prejudice to its other rights:

- (a) defer Completion (so that the provisions of this Clause 4, other than this Clause 4.5(a) regarding such non-default Party's right to defer Completion, shall apply to Completion as so deferred) to a day of not more than 20 Business Days from the Completion Date;
- (b) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or

- (c) terminate this Agreement by notice in writing to the default Party in accordance with Clause 10.2.

No Party shall be obliged to perform any obligation on its part undertaken under this Agreement unless the other Parties has fully complied with its obligations and requirements in Clauses 4.3 and 4.4 (as applicable).

## **5 INTERIM COVENANTS UP TO COMPLETION**

5.1 The Issuer undertakes to procure that, save as required or contemplated by this Agreement, prior to Completion the Business shall be operated as a going concern on its normal and usual basis as carried on prior to the date of this Agreement, and the Group shall not do or omit to do (or allow to be done or to be omitted to be done) any act or thing which is a breach of the Warranties or would lead to a breach thereof in any respect; and, in particular, no member of the Group shall, prior to Completion (without the prior written consent of the Subscriber (which shall not be unreasonably withheld or delayed) or except as provided in this Agreement undertake (or agree to undertake) any of the following matters:

- (a) any transaction resulting in any Change of Substantial Shareholding or change of Control of any member of the Group including any sale of any member of the Group, or any merger, consolidation or amalgamation with another company, or any restructuring, or any other transaction of similar nature;
- (b) alter the nature or scope of its business from that carried on as at the date of this Agreement or enter into any new line of business or discontinue any line of business, in each case that may result in the revenue generated from the Principal Business falling to a level below 60% of the Issuer's consolidated gross revenues as shown in its Financial Statements;
- (c) save for the subscriptions under the Other Share Subscription Agreements (including the share subscription by Mr. Chen Jiajun or his Affiliates of up to 800,000,000 Shares) and the Warrant Agreement, any change in the capital structure of any member of the Group, or create, allot or issue any securities or any option to subscribe for any such securities (other than to other members of the Group and upon exercise of Share Options);
- (d) redeem or repurchase any securities (other than from an employee following his termination or when contractually bound to do so pursuant to the terms on which the securities were issued);
- (e) declare, make or pay any dividend or other distribution on account of shares in its capital (other than to other members of the Group);
- (f) change its auditors;
- (g) change its accounting practices or policies, or the financial year;
- (h) propose to wind up or commence other voluntary proceeding seeking liquidation, administration (whether out of court or otherwise), reorganisation or other relief under any bankruptcy, insolvency or similar law or the appointment of a trustee, receiver, administrator (whether out of court or otherwise) or liquidator or similar office; or
- (i) enter into any agreement or obligation to do anything prohibited under the preceding paragraphs.

- 5.2 The Issuer undertakes that, between the date of this Agreement and the Completion Date, it shall not, and it shall procure that each other member of the Group (as well as any officer, director, Employee or other person acting on behalf of any member of the Group) shall not, engage in any activity that would cause any person (including any member of the Group, the Subscriber, the Subscriber's Affiliates or any persons acting on behalf of such persons) to violate applicable AML Laws, Anticorruption Laws, Sanctions Laws or Ex-Im Laws.
- 5.3 Between the date of this Agreement and the Completion Date, upon reasonable advance notice, the Issuer shall (and shall procure that each member of the Group to), cooperate and assist, to the extent reasonably requested by the Subscriber, with the Subscriber's due diligence investigation of the properties, assets and financial condition of the Group or the Business. In addition, the Subscriber shall, to the extent legally permissible and upon reasonable advance notice, have the right to inspect the real property and tangible personal property of any member of the Group for the purpose of determining the physical condition and legal characteristics thereof.

## **6 USE OF PROCEEDS AND POST-COMPLETION UNDERTAKINGS**

- 6.1 The Issuer shall (unless with the prior written consent of the Subscriber) use the proceeds from the Subscription solely (a) for the Group's general working capital purposes, (b) for the growth and expansion of the Business, and (c) for repayment of the Group's existing indebtedness, provided that neither the Issuer nor any other member of the Group may knowingly use, directly or indirectly, the proceeds from the Subscription (or knowingly lend, contribute or otherwise make available such proceeds to any person) for the purpose of financing the activities of any Sanctioned Person or any person located, organised or resident in a Sanctioned Country to the extent such action would cause any person (including any member of the Group, the Subscriber, the Subscriber's Affiliates or any persons acting on behalf of such persons) to violate applicable Sanctions Laws.
- 6.2 For so long as the Subscriber (and/or any of its Affiliates) remains as a Shareholder and subject always to compliance with any applicable Laws and any requirements of any Authority from time to time, the Issuer agrees and undertakes to the Subscriber that (unless with the prior written consent of the Subscriber):
- (a) it shall (and it shall procure each member of the Group to) comply with all applicable Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws and AML Laws, and shall cease (and shall procure that other members of the Group cease) any business or dealings that would cause any person (including any member of the Group, the Subscriber, the Subscriber's Affiliates or any persons acting on behalf of such persons) to violate any such Laws (including the provision of aftermarket services or replacement parts relating to products sold prior to the Completion Date), provided that (in the case of Anti-Boycott Laws) this undertaking is only made with respect to the US members of the Group, if any;
  - (b) it shall not (and it shall cause each member of the Group and its and their respective Affiliates not to), and it shall ensure that its and their respective Affiliates shall not, directly or indirectly (either make or authorise):
    - (i) offer or give anything of value to any public official or other person with the intent of obtaining any improper advantage, affecting or influencing any act or decision of any such person, assisting any member of the Group in obtaining or retaining business for, or with, or directing business to, any person (or constituting a bribe, kickback or illegal or improper payment to assist any member of the Group in obtaining or retaining business);

- (ii) take any other action, in each case, in violation of the FCPA (as if it were a US person), or any other applicable similar Anticorruption Laws, recordkeeping and internal controls laws;
  - (iii) establish or maintain any fund or assets in which any member of the Group has proprietary rights that have not been recorded in the books and records of the members of the Group; or
  - (iv) permit any Government Official to serve in any capacity within the Group (including as a board member, employee or consultant);
- (c) during the period of investment from the Subscriber, upon a request from the Subscriber, it will promptly provide the Subscriber and its Affiliates with any information or materials relating to the Group’s compliance with Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws, Anticorruption Laws, or AML Laws;
- (d) the Issuer shall use reasonable endeavours to resolve any rights, claims, disputes or remedies against 酷派国际控股(深圳)有限公司 (“Coolpad International”) that are arising from Coolpad International’s redemption obligation and its assumption of liability (if any) under a share purchase agreement (增资协议) entered into by and among Coolpad International and certain other parties thereto, without causing any Material Adverse Change to the Group;
- (e) if and to the extent required by applicable Laws, the Issuer shall procure the relevant members of the Group to apply for and obtain any and all material licenses and permits that are necessary to carry on the Principal Business;
- (f) the Issuer shall procure that each member of the Group shall take all necessary actions to comply with all its obligations in all material respects under applicable Laws, including those related to value-added telecommunication business, payment and settlement, cyber security, personal information protection, real properties, intellectual properties and labour aspects of the business operation of Group;
- (g) the Issuer shall, if necessary, procure that the relevant members of the Group shall use reasonable endeavours to respond to all of the civil, criminal, arbitration, investigation, administrative, disciplinary or other actions, suits or proceeding (only to the extent relating to the Group) against the Issuer, the Subsidiaries, their respective current directors and/or senior management, to avoid Material Adverse Change on the Group; and
- (h) the Issuer shall and shall procure each Subsidiary to purchase all such reasonably necessary insurance for all real estate projects under construction and all such reasonably necessary property and public liability insurance for all completed real estate projects promptly after Completion.
- 6.3 The Issuer undertakes to (so far as within its powers and subject to applicable Law) take or cause to be taken all actions (and to do, or cause to be done, all things necessary) to give effect to the terms of Clause 6.1 and Clause 6.2.
- 6.4 The Issuer shall use its best endeavours to obtain all approvals and consents and promptly make all notifications, registrations and filings as may from time to time be required on the part of the Issuer in relation to the Subscription Shares.
- 6.5 The Issuer shall procure that neither the Issuer, nor any of its affiliates (for the purposes of this Clause 6.5, as defined in Rule 405 under the Securities Act), nor any person acting on its

or their behalf will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Subscription Shares.

- 6.6 Within three months from the Completion Date, the Subscriber undertakes not to transfer the Subscription Shares to any person without the prior written consent of the Issuer, provided that the foregoing shall not restrict any transfer to any Affiliate(s) of the Subscriber or any transfer made pursuant to or in connection with any security interest granted in favour of one or more banks or other institutions (including any nominee, agent or trustee of or on behalf of such banks or other institutions) to whom such Subscription Shares have been charged or pledged by way of security.

## **7 GUARANTEE AND INDEMNITY BY THE GUARANTOR**

7.1 The Guarantor irrevocably and unconditionally:

- (a) guarantees to the Issuer, as a continuing obligation, punctual performance by the Subscriber of all the Subscriber's obligations under this Agreement;
- (b) undertakes with the Issuer that whenever the Subscriber does not pay any amount when due under this Agreement, the Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) undertakes, as an independent and primary obligation, to indemnify the Issuer immediately on demand against any Loss suffered by the Issuer:
  - (i) in consequence of the Subscriber's failure to perform any of its obligations under this Agreement; or
  - (ii) if any obligation guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal.

7.2 This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Subscriber under this Agreement and shall remain in full force and effect until all obligations of the Subscriber under this Agreement have been paid or discharged in full, regardless of any intermediate payment or discharge in whole or in part.

7.3 If any discharge, release or arrangement (whether in respect of the obligations of the Subscriber or any security for those obligations or otherwise) is made by the Issuer in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise (without limitation) then the liability of the Guarantor under this guarantee shall continue or be reinstated as if the discharge, release, avoidance or restoration had not occurred.

7.4 The obligations of the Guarantor under this Clause 7 will not be affected by any act, omission, matter or thing which, but for this Clause 7.4, would reduce, release or prejudice any of its obligations under this Clause 7 including (whether or not known to it or the Issuer):

- (a) any waiver or forbearance by the Issuer whether as to payment, time, performance or otherwise (including any extension of time for performance of the Subscriber's obligations under this Agreement);
- (b) any other arrangement made between the Subscriber and the Issuer or any concession granted by the Issuer to the Subscriber;
- (c) any failure to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Subscriber under this Agreement or of any other guarantee or security taken pursuant to, or in connection with, this Agreement by the Subscriber or the Issuer;

- (d) any incapacity or lack of power, authority or legal personality of, or dissolution or change to, the Subscriber;
  - (e) any amendment (however fundamental) or replacement of this Agreement or any other document or security;
  - (f) any unenforceability, illegality or invalidity of any obligation of any Party under any of this Agreement or any other document or security;
  - (g) any change in the constitution of any of the Subscriber, the Guarantor or the Issuer or the absorption in, amalgamation with or merger of any of them into, or the acquisition of all or part of the assets or undertaking of any of them by, any other person; or
  - (h) any insolvency or similar proceedings.
- 7.5 The Guarantor waives any right it may have of first requiring the Issuer to proceed against or enforce any other rights or security or to claim for payment or performance from any person or to prove or claim in any winding-up, liquidation, administration or insolvency before claiming from the Guarantor under this Clause 7. This waiver applies irrespective of any law or any provision of this Agreement to the contrary.
- 7.6 Until all amounts which may be or become payable by the Subscriber under or in connection with this Agreement have been irrevocably paid in full, the Issuer may refrain from applying or enforcing any other moneys, security or rights held or received by the Issuer in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same.
- 7.7 Until all amounts which may be or become payable by the Subscriber under or in connection with this Agreement have been irrevocably paid in full and unless the Issuer otherwise directs, the Guarantor will not exercise any rights which it may have by reason of performance by it of its obligations under this Agreement:
- (a) to be indemnified by the Subscriber;
  - (b) to claim any contribution from any other guarantor of or provider of security for the Subscriber's obligations under this Agreement;
  - (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Issuer under this Agreement or of any other guarantee or security taken pursuant to, or in connection with, this Agreement by the Issuer;
  - (d) to bring legal or other proceedings for an order requiring the Subscriber to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee, undertaking or indemnity under this Clause 7;
  - (e) to exercise any right of set-off or similar right against the Subscriber; and/or
  - (f) to claim or prove as a creditor of the Subscriber in competition with the Issuer.

- 7.8 The Guarantor undertakes to hold any security taken from the Subscriber in connection with this guarantee and indemnity and any benefit, payment, distribution or other property or assets received or recovered in pursuance, or in breach, of Clause 7.7 (or so much of it as may be necessary to enable all amounts to be paid in full which may be or become payable to the Issuer by the Subscriber under or in connection with this Agreement) in trust for the Issuer pending discharge in full of all of the Guarantor's obligations under this Agreement.
- 7.9 This guarantee is in addition to and is not in any way prejudiced by and shall not merge with any other guarantee, security, right or remedy obtained or subsequently held by the Issuer.
- 7.10 The Guarantor acknowledges that it has not executed this Agreement as a result of or in reliance upon any promise, representation, statement or information of any kind whatsoever given or made by or on behalf of the Issuer, whether in answer to any enquiry by or on behalf of the Guarantor or otherwise. The Guarantor further agrees that the Issuer was not, prior to the execution of this Agreement by the Guarantor, and is not thereafter, under any duty to disclose to the Guarantor any information, matter or thing relating to the Subscriber or its affairs or transactions with the Issuer including any information, matter or thing which the Guarantor would not naturally expect or any unexpected facts or unusual features which, whether or not known to the Guarantor, are present in any transaction between the Subscriber and the Issuer.

## **8 ISSUER'S WARRANTIES AND INDEMNITY**

- 8.1 The Issuer represents and warrants to the Subscriber that, save as Disclosed, each of the Warranties is as at the date of this Agreement true and accurate in all respects and not misleading in any respect. The Warranties shall be deemed to be so repeated by the Issuer at Completion by reference to the facts and circumstances then subsisting at Completion (except where the relevant Warranty is stated to be expressed as at a different date).
- 8.2 The Issuer acknowledges and accepts that the Subscriber is entering into this Agreement in reliance upon each of the Warranties which has also been given as a representation and with the intention of inducing the Subscriber to enter into this Agreement.
- 8.3 The Issuer undertakes to the Subscriber that, as soon as reasonably practicable after it becoming aware (between the date of this Agreement and the Completion Date) of any fact, matter or circumstance relating to the Group, which it is aware is (or may constitute) a breach of (or be inconsistent with) any of the Warranties as at the date of this Agreement and/or will constitute a breach of any of the Warranties when they are repeated at Completion, it shall disclose in writing such fact, matter or circumstance to the Subscriber as soon as reasonably practicable after it becomes so aware and shall forthwith take such steps as the Subscriber may reasonably require to remedy and/or publicise the fact, matter or circumstance.
- 8.4 Each of the Warranties shall be construed as a separate and independent warranty and representation and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty.
- 8.5 No information relating to the Group of which the Subscriber has knowledge (actual, constructive, imputed or otherwise), or which the Subscriber could have obtained knowledge (actual, constructive, imputed or otherwise) in the course of its due diligence, shall prejudice any claim made by the Subscriber under this Agreement or operate to reduce any amount recoverable.
- 8.6 The Issuer shall give to the Subscriber and its advisers both before and at Completion all such information and documentation relating to each member of the Group as the Subscriber may require to enable it to satisfy itself as to the accuracy and due observance of the Warranties.

- 8.7 The Issuer shall indemnify, defend and hold each of the Subscriber, its nominee and their respective directors, officers, employees or Affiliates (each an “**Indemnified Party**”) harmless from and against any and all Loss incurred by any such Indemnified Party, resulting or arising from or in relation to:
- (a) any Warranty of the Issuer being untrue, inaccurate or misleading in any respect, or the Issuer otherwise failing to comply with any of its obligations under this Agreement, including for the avoidance of doubt any covenants contained herein;
  - (b) any breach or non-compliance of the covenants set out in Clause 6.2; and
  - (c) any violation of applicable Anticorruption Laws, Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws, or AML Laws by any member of the Group in connection with the business of the Group, or by any distributor of any member of the Group in connection with such distributor’s distribution of the Group’s products or other services for any member of the Group,

provided that the Subscriber shall not have any duty or obligation, whether as fiduciary or trustee for any Indemnified Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause.

- 8.8 The representations, warranties, agreements, undertakings and indemnities in this Agreement shall continue in full force and effect, despite Completion or any investigation made by the Subscriber.
- 8.9 The liability of the Issuer in respect of any claim for breach of Warranties shall be limited as set out in Schedule 3.

## **9 SUBSCRIBER’S AND GUARANTOR’S WARRANTIES AND UNDERTAKINGS**

- 9.1 The Subscriber represents and warrants to the Issuer that, as at the date of this Agreement and the Completion Date:
- (a) each of the Subscriber and its nominee (as the case may be) is duly incorporated and validly existing under the laws of its place of incorporation;
  - (b) the Subscriber has all necessary authority and corporate power to enter into, and each of the Subscriber and its nominee (as the case may be) has all necessary authority and corporate power to perform its obligations under, this Agreement;
  - (c) this Agreement constitutes valid, binding and enforceable obligations of the Subscriber and its nominee (as the case may be), except as such enforceability may be limited under applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws of general applicability relating to or affecting creditors’ rights and to general equitable principles;
  - (d) the execution and delivery of, and the performance of the obligations under, this Agreement by each of the Subscriber and its nominee (as the case may be) do not and will not breach any provisions of its constitutional documents or any applicable Law;
  - (e) the Subscriber or its nominee (as the case may be) is not a connected person (as defined in the Listing Rules) of the Issuer;



- (f) the Subscriber and its nominee (as the case may be) are not acting in concert (as defined in the Takeovers Code) with any Shareholder; and
- (g) the subscription of the Subscription Shares will not constitute a violation by the Subscriber or its nominee (as the case may be) of any applicable “insider dealing” or similar legislation, including the provisions under Part XIII of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

9.2 The Guarantor represents and warrants to the Issuer that, as at the date of this Agreement and the Completion Date, he:

- (i) is a permanent resident of, and domiciled in, Hong Kong;
- (ii) is of sound mind and full mental capacity and fully understands the contents of this Agreement to which he is a party; and
- (iii) has obtained independent legal advice with respect to this Agreement prior to his execution thereof or waived his right to do so.

9.3 The Subscriber’s warranties shall be deemed to be so repeated by the Subscriber at Completion by reference to the facts and circumstances then subsisting at Completion.

9.4 The Guarantor's warranties shall be deemed to be so repeated by the Guarantor at Completion by reference to the facts and circumstances then subsisting at Completion.

## **10 TERMINATION**

10.1 If at any time prior to Completion:

- (a) the Issuer commits any material breach of or material omission to observe any of its obligations or undertakings under this Agreement and such breach or omission will not be cured by the Completion Date;
- (b) without prejudice to any other provisions of this Clause 10, between the date of this Agreement and Completion, any obligation or undertaking of the Issuer in Clause 5 has not been duly and promptly fulfilled, observed or performed in all material respects and it is not reasonable to expect such obligation or undertaking will be performed or cured prior to the Completion Date;
- (c) a Material Adverse Change has occurred;
- (d) it becomes apparent that any of the Fundamental Warranties is or will be, or any event occurs or matter arises which renders, or will render, any of the Fundamental Warranties untrue or incorrect in any material respect as at the date of this Agreement or at Completion;
- (e) the Shares cease to be listed on the HKSE;
- (f) there has been a suspension of trading of the Shares on the HKSE for seven consecutive trading days or more after the date of this Agreement, other than any suspension in connection with this Agreement;
- (g) there is a change in Law in any relevant jurisdiction which will materially prejudice the ability of the Subscriber or the Issuer to complete the transactions contemplated under this Agreement; or

- (h) any of the Conditions Precedent become incapable of being fulfilled (and are not waived by the Subscriber) on or prior to the Long Stop Date,

then, in any such case, the Subscriber may (in its reasonable discretion without any liability on its part resulting therefrom) by notice in writing to the Issuer, forthwith terminate this Agreement. The right to terminate this Agreement under each of Clauses 10.1(a) through 10.1(h) is a separate and independent right and the exercise of any such right shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Subscriber may have as of the date of such notice (including any other right to terminate this Agreement).

10.2 Upon the giving of notice pursuant to Clause 10.1, all obligations of the Parties under this Agreement shall cease and terminate and no Party shall have any claim against the other Parties in respect of any matter or thing arising out of or in connection with this Agreement, save and except:

- (a) in respect of any antecedent breach; and
- (b) that the termination shall not affect the accrued rights and obligations of the Parties on or prior to such termination and shall be without prejudice to the continued application of the Surviving Provisions.

10.3 If the Subscriber becomes entitled to terminate this Agreement under Clause 10.1 and elects not to do so, it shall nevertheless be entitled to make any claim for damages or exercise any other right, power or remedy under this Agreement or otherwise provided by Law in respect of the breach of the terms of this Agreement giving rise to such right to give notice to terminate.

## 11 NOTICES

11.1 Any notice or other communication to be given under or in connection with this Agreement (a “**Notice**”) shall be:

- (a) in writing in the English language;
- (b) delivered:
  - (i) personally by hand or courier (using an internationally recognised courier company);
  - (ii) by local post or registered mail if local address and by airmail if overseas address; or
  - (iii) by e-mail,

to the Party due to receive the Notice, to the address and for the attention of the relevant Party set out in this Clause 11 (or to such other address and/or for such other person’s attention as may have been notified to the giver of the relevant Notice and become effective, in accordance with this Clause 11, prior to despatch of the Notice).

11.2 In the absence of evidence of earlier receipt, any Notice served in accordance with this Clause 11 shall be deemed given and received:

- (a) in the case of personal delivery by hand or courier, at the time of delivery at the address referred to in Clause 11.3;

- (b) in the case of local post or registered mail (other than airmail), at 10:00 am on the second Business Day after posting;
- (c) in the case of airmail, at 10:00 am on the fifth Business Day after posting; and
- (d) in the case of e-mail, at the time of its despatch.

11.3 The addresses of the Parties for the purpose of this Clause 11 are as follows:

The Issuer:

For the attention of: Mr. Chen Jiajun  
Address: 44/F, Office Tower, Convention Plaza 1 Harbour Road  
Wanchai, Hong Kong  
E-mail address: [chenjiajun@yulong.com](mailto:chenjiajun@yulong.com) and [ir@yulong.com](mailto:ir@yulong.com)

The Subscriber and the Guarantor:

For the attention of: Mr. Chen Jiajun  
Address: 44/F, Office Tower, Convention Plaza 1 Harbour Road  
Wanchai, Hong Kong  
Email: [chenjiajun@yulong.com](mailto:chenjiajun@yulong.com) and [ir@yulong.com](mailto:ir@yulong.com)

11.4 In proving service, it shall be sufficient to prove that:

- (a) the envelope containing the Notice was properly addressed and delivered to the address of the relevant Party; or
- (b) the e-mail containing the Notice was transmitted to the e-mail address of the relevant Party (which shall be satisfied by delivery of a transmission record showing the date and time of the e-mail on the machine sending that e-mail).

11.5 Any Party may notify the other Parties of any change to its name, address or facsimile number for the purpose of this Clause 11, provided that such Notice shall be sent to the other Parties and shall only be effective on:

- (a) the date specified in such Notice as the date on which the change is to take effect; or
- (b) if no date is so specified or the date specified is less than three Business Days after which such Notice was deemed to be given, the fourth Business Day after such Notice was deemed to be given.

11.6 A Notice required to be given under or in connection with this Agreement shall not be validly given if sent by email, unless upon the mutual consent of the Parties in respect of such Notice.

11.7 This Clause 11 shall not prejudice the service of, or any step in, Proceedings permitted by law or the rules of the relevant Authority.

## **12 EFFECT OF COMPLETION**

Any provisions of this Agreement and any other documents referred to in it which is capable of being performed after (but which has not been performed at or before) Completion and all warranties, covenants and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.

### **13 COSTS AND EXPENSES**

- 13.1 Save as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated by this Agreement.
- 13.2 Without limiting the generality of Clause 13.1, all the fees payable to any Authority in connection with the creation, offering and issue of the Subscription Shares or the execution or delivery of this Agreement (including expenses incurred or to be incurred in connection with the listing of the Subscription Shares on the HKSE, stamp, issue and registration duties and documentary or other taxes, including interest and penalties payable, if any) shall be paid by the Issuer.

### **14 GENERAL PROVISIONS**

- 14.1 Any time, date or period referred to in this Agreement may be extended by mutual agreement in writing between the Parties (but, as regards any time, date or period originally fixed or any time, date or period so extended, time shall be of the essence).
- 14.2 This Agreement shall be binding on and inure for the benefit of the successors of each of the Parties but shall not be assignable without the prior written consent of the other Parties (save that the Subscriber shall be entitled to freely assign any of its rights under this Agreement, and delegate, transfer or novate any or all of its obligations under this Agreement to an Affiliate of the Subscriber or any of their financiers). Any purported assignment in contravention of this Clause 14.2 shall be null and void *ab initio*.
- 14.3 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties. The expression “variation” shall, in each case, include any variation, supplement, deletion or replacement howsoever effected.
- 14.4 Any waiver of any right or default under this Agreement shall be effective only in the instance given and shall not operate as or imply a waiver of any other or similar right or default on any subsequent occasion. No waiver of any provision of this Agreement shall be effective unless in writing and signed by each Party against whom such waiver is sought to be enforced.
- 14.5 Any delay by any Party in exercising, or any failure to exercise, any right or remedy under this Agreement shall not constitute a waiver of the right or remedy (or a waiver of any other rights or remedies), and no single or partial exercise of any rights or remedy under this Agreement or otherwise shall prevent any further exercise of the right or remedy (or the exercise of any other right or remedy).
- 14.6 The rights and remedies of the Parties under this Agreement are not exclusive of any rights or remedies provided by Law.
- 14.7 Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement is not performed in accordance with its specific terms or otherwise are breached or violated. Accordingly, each of the Parties agrees that, without posting a bond or other undertaking, the other Parties will be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court having jurisdiction over the Parties and the matter in addition to any other remedy to which it may be entitled, at law or in equity. Each of the

Parties further agrees that, in the event of any action for specific performance in respect of such breach or violation, the other Parties will not assert the defence that a remedy at law would be adequate.

- 14.8 This Agreement contains the whole agreement and understanding between the Parties relating to the transactions contemplated by this Agreement and supersedes all previous agreements, understandings or arrangements (whether oral or written) between the Parties relating to such transactions.
- 14.9 Each of the Parties acknowledges that (in agreeing to enter into this Agreement) it has not relied on any representation, warranty, collateral contract, undertaking or other assurance (except those expressly set out in this Agreement) made by or on behalf of the other Parties before the execution of this Agreement (including during the course of negotiating this Agreement). Each of the Parties waives all rights and remedies which, but for this Clause 14.9, might otherwise be available to it in respect of any such representation, warranty, collateral contract, undertaking or other assurance (provided that nothing in this Clause 14.9 shall limit or exclude any liability for fraud or fraudulent misrepresentation).
- 14.10 If at any time any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable in whole or in part under any Law in any jurisdiction, then:
- (a) such provision shall:
    - (i) to the extent that it is illegal, void, invalid or unenforceable, be given no effect and shall be deemed not to be included in this Agreement in that jurisdiction;
    - (ii) not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; and
    - (iii) not affect or impair the legality, validity or enforceability under the Law of any other jurisdiction of such provision or any other provision of this Agreement; and
  - (b) the Parties shall use all reasonable efforts to replace such a provision with a valid and enforceable substitute provision which carries out, as closely as possible, the intentions of the Parties under this Agreement.
- 14.11 Each of the Indemnified Parties shall be a third party beneficiary of this Agreement with the full ability of enforce Clause 8.7 hereof as if it were a party hereto. Save for the exception stated in the foregoing sentence, a person who is not a party to this Agreement has no right under the Contract (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any term of this Agreement.

## **15 ANNOUNCEMENTS**

- 15.1 No announcement, press release or other public disclosure concerning the existence or the subject matter of this Agreement or any ancillary matter shall be made by or on behalf of any Party without the prior written approval of the other Parties (such approval not to be unreasonably withheld or delayed). This Clause 15.1 does not apply in the circumstances described in Clause 15.2.
- 15.2 A Party may make an announcement concerning the existence or the subject matter of this Agreement if required by:

- (a) Law (including the Listing Rules); or
- (b) any Authority to which that Party is subject or submits, wherever situated,

in which case that Party shall:

- (c) to the extent permitted by Law, first give notice to the other Parties of its intention to make such an announcement; and
- (d) take all such steps as may be reasonable and practicable in the circumstances to seek the other Parties' comments on the contents of such announcement,

before making such announcement.

15.3 The restrictions contained in this Clause 15 shall continue to apply after Completion or termination of this Agreement without limit in time.

## **16 CONFIDENTIALITY**

16.1 Subject to the permitted disclosures provided for in Clause 16.2, each Party shall treat as strictly confidential and shall not, without the written consent of the other Parties, disclose to any other person any information:

- (a) received or obtained as a result of entering into or performing this Agreement;
- (b) which relates to the provisions, negotiations or subject matter of this Agreement (including the existence, status or resolution of, or facts or details of, any proceeding, suit or action arising out of, or in connection with this Agreement and any matter arising therefrom); and
- (c) which relates to the other Parties,

including written information and information transferred or obtained orally, visually, electronically or by any other means (collectively "**Confidential Information**").

16.2 Notwithstanding the other provisions of this Clause 16, a Party may disclose Confidential Information which would otherwise be subject to the provisions of Clause 16.1 if and to the extent:

- (a) it is required by applicable Laws to which such party is subject or for the purpose of any judicial proceedings;
- (b) it is required by any Authority to which it or its Affiliates are subject or submit (whether or not the requirement for information has the force of Law);
- (c) it is required by any judicial or administrative process including in connection with any dispute, controversy, difference, claim or obligation in connection with arbitration under this Agreement;
- (d) it is disclosed on a strictly confidential basis to its advisers, partners, co-investors, auditors, bankers and/or financing sources and their respective Representatives;
- (e) it is disclosed on a strictly confidential basis to its Affiliates or Representatives (or to Representatives of its Affiliates) on a need to know basis;

- (f) it is disclosed on a strictly confidential basis to a permitted transferee or prudent prospective transferee of the Subscription Shares;
- (g) it was lawfully in its possession or in the possession of any of its Affiliates or Representatives (in either case as evidenced by written records) free of any restriction as to its use or disclosure prior to it being so disclosed;
- (h) the information has come into the public domain through no fault of that Party or any of its Affiliates or Representatives;
- (i) each of the other Parties has given prior written consent to the disclosure (such consent not to be unreasonably withheld or delayed);
- (j) in the case of the Subscriber, to the extent disclosed: (i) in reports to the Subscriber's shareholders, investors or potential investors; or (ii) to any Subscriber's Affiliates; or
- (k) it is required to enable that Party to perform this Agreement or enforce its rights under this Agreement,

and provided that, to the extent permitted by Law, any Confidential Information to be disclosed in reliance on Clauses 16.2(a) or 16.2(b) shall be disclosed only after consultation with the other Parties and the Party intending to disclose the Confidential Information shall take into account the reasonable comments or requests of such other Parties.

## **17 FURTHER ASSURANCE**

Without prejudice to any other provision of this Agreement, each Party shall (on being reasonably required to do so by the other Parties, now or at any time in the future) do or procure the doing of all such acts (and/or execute or procure the execution of such documents in a form reasonably satisfactory to such other Parties) which such other Parties may from time to time reasonably require for giving full effect to this Agreement and securing to such other Parties the full benefit of the rights, powers and remedies conferred upon such other Parties in this Agreement.

## **18 LANGUAGE**

- 18.1 Each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Agreement shall be in English.
- 18.2 If this Agreement is translated into any language other than English, the English language text shall prevail.

## **19 COUNTERPARTS**

This Agreement may be executed in counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but the counterparts shall together constitute one and the same instrument.

## **20 GOVERNING LAW AND ARBITRATION**

- 20.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, Hong Kong law.

- 20.2 Any dispute, controversy, difference or claim arising out of or relating to this Agreement (including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to this Agreement) shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the “**HKIAC**”) under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the notice of arbitration is submitted. The governing law of this arbitration clause shall be Hong Kong law. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three, of whom one shall be appointed by the claimant(s) to the dispute, one arbitrator shall be appointed by the respondent(s) to the dispute, and the third arbitrator, who shall be the presiding arbitrator, shall be appointed by the HKIAC. The arbitration proceedings shall be conducted, and all written decisions or correspondences shall be, in English. The costs of the arbitration shall be borne by the unsuccessful party. Each Party retains the right to request, before or during arbitral proceedings, from a court any interim relief and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.
- 20.3 For the purposes of waiver of any applicable sovereign immunity, each Party unconditionally and irrevocably: (a) agrees that the execution, delivery and performance by it of this Agreement constitutes private and commercial acts rather than public or governmental acts; (b) agrees that, should any judicial or arbitral proceeding be brought against it or its assets in any jurisdiction under this Agreement, no immunity from such proceedings or in respect of its assets shall be claimed by or on behalf of itself or with respect to any of its assets; (c) waives (to the fullest extent) any right of immunity which it or any of its assets now has or may acquire in the future in any jurisdiction; (d) waives (to the fullest extent) any and all procedural privileges or immunities which it may be entitled to exercise and assents and consents to the giving of relief against it or its assets by way of injunction (interlocutory or final) or any analogous relief; and (e) consents generally, in respect of the enforcement of any arbitral award, judgment or interlocutory order against it in any judicial or arbitral proceeding in any jurisdiction, to the giving of any relief or to the issue of any process in connection with such proceedings (including the making, enforcement or execution of any judgment or arbitral award, or any order arising out of any such judgment or arbitral award, against or in respect of any of its assets whatsoever irrespective of their use or intended use).



## SCHEDULE 1 WARRANTIES

### 1. THE ISSUER AND THE GROUP

#### 1.1 Due Incorporation

Each member of the Group is duly incorporated and validly existing under the laws of its place of incorporation and each member of the Group has the power and capacity to own its assets and to conduct its business in the manner presently conducted and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group.

#### 1.2 Power and Authority

- (a) The Issuer has the full power, authority and capacity to enter into and perform its obligations under this Agreement and, subject to satisfaction of the Condition Precedent in Clause 3.1(a), to issue the Subscription Shares to the Subscriber (or its nominee) and all necessary Authorisations relating to the same have been (or will, prior to Completion, be) unconditionally obtained and are (or will, prior to Completion, be) in full force and effect.
- (b) This Agreement has been duly authorised, executed and delivered by the Issuer and constitutes valid and binding obligations of the Issuer enforceable in accordance with its terms (except as such enforceability may be limited under applicable bankruptcy, insolvency, reorganisation, moratorium or similar Laws of general applicability relating to or affecting creditors' rights and to general equitable principles).
- (c) The execution and delivery of, and the performance by the Issuer of its obligations under this Agreement will not:
  - (i) be or result in a breach of any provisions of the Constitution or any constitutional documents of any member of the Group or a violation of any applicable Law;
  - (ii) be or result in a breach in any material respect of, or constitute a default in any material respect under, any instrument to which the Issuer or any other member of the Group is a party or by which the Issuer or any other member of the Group is bound; or
  - (iii) be or result in a breach of any order, judgment or decree of any court or Authority to which the Issuer or any other member of the Group is a party or by which the Issuer or any other member of the Group is bound.

#### 1.3 Share Capital

- (a) Each Subsidiary of the Issuer is directly or indirectly wholly-owned or majority-controlled by the Issuer. There is no dispute on the Issuer's direct or indirect ownership in each Subsidiary.
- (b) As at the date of this Agreement, 10,803,259,308 Shares are in issue and are fully paid up.
- (c) Except for (i) the granting of the Share Options to eligible participants under the Share Option Scheme; (ii) the issue of Shares pursuant to any exercise of Share Options; and (iii) the issue of Shares pursuant to the Share Subscription Agreement,

the Other Share Subscription Agreements and the Warrant Agreement, there are no outstanding securities issued by any member of the Group convertible into or exchangeable for Shares (or warrants, rights or options to purchase or subscribe for Shares from any member of the Group), nor are there other or similar arrangements providing for the issue or purchase of Shares or the subscription for Shares, and no unissued share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option.

- (d) No member of the Group has: (i) at any time repaid or redeemed or agreed to repay or redeem any shares of its capital or in any way effected any reduction of its issued share capital; or (ii) at any time purchased its own shares.
- (e) The register of members and all other statutory books of each member of the Group are up to date and contain true and accurate records of all matters required to be dealt with therein in all material respects. Any changes of the capital structure of each Subsidiary (including any change to its shareholding structure and/or registered capital) were made in accordance with applicable laws in all material respects. No member of the Group has received any notice of any application or intended application by any person or Authority for rectification of its register. All annual or other returns required to be filed with any Authority have been properly filed in all material respects within any applicable time limit and all legal requirements relating to the formation of each member of the Group and the issue of any securities of any member of the Group have been complied with in all material respects.

#### 1.4 **Issuance of Subscription Shares**

- (a) The Issuer has and will comply with the Listing Rules, the Takeovers Code and the Constitution so far as the issue of the Subscription Shares is concerned.
- (b) The Subscription Shares (when issued) will be duly and validly issued, fully-paid and rank *pari passu* with, and carry the same rights in all respects as, the other Shares then in issue and shall be entitled to all dividends and other distributions declared, paid or made thereon.
- (c) The Subscription Shares (when issued) will be free and clear of all Encumbrances, not be subject to calls for further payment, any pre-emptive or similar rights or claims of third parties and there will be no restrictions on transfers of the Subscription Shares other than as set out in the Constitution.
- (d) Other than as set out in the Constitution, there are no restrictions applicable to the Shares generally upon the voting or transfer of any of the Shares pursuant to the Constitution or pursuant to any agreement or other instrument to which the Issuer or any other member of the Group is a party or by which the Issuer or any other member of the Group is bound.

#### 1.5 **Investments, Associations and Branches**

Neither the Issuer nor any other member of the Group:

- (a) is the holder or beneficial owner of, and has not agreed to acquire, any share or other capital of any other company or corporation (wherever incorporated) other than those of the other members of the Group;

- (b) is, and has not agreed to become, a member of any partnership, joint venture, consortium or other unincorporated association, body or undertaking in which it is to participate with any other in any business or investment;
- (c) has any branch, agency or place of business outside the jurisdiction of its incorporation and no permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the date of this Agreement) outside the jurisdiction of its incorporation.

## 1.6 Authorisations

Each member of the Group has obtained such Authorisations as are required under the provisions of any applicable Law in connection with the operation of the Business and utilising any of the Business Assets and there is no breach by any member of the Group of the provisions of any applicable Law governing such Authorisations (nor is there any reason why any such Authorisation should be withdrawn or cancelled).

## 1.7 Constitution and other Constitutional Documents

The copies of the Constitution and the memoranda and articles of association (or equivalent constitutional documents) of the other members of the Group provided to the Subscriber are true and complete and have embodied therein or annexed to them copies of every resolution or agreement as are required by Law to be embodied in or annexed to them, and set out completely the rights and restrictions attaching to each class of capital of the Issuer and the other members of the Group (as the case may be).

## 1.8 Structured Contracts

- (a) The arrangements underlying the structured contracts (the “**Structured Contracts**”) between members of the Group which effectively constitute a variable interest entity (VIE) structure are, in all material respects, in compliance with and enforceable under the Laws of such jurisdiction in which the Issuer and its Subsidiaries respectively are incorporated, subject to future amendment to existing Laws or enactment of new Laws and/or interpretations. Each party to such contractual arrangements has the necessary power, authority and legal right to execute, deliver and perform its obligations under the contractual arrangements to which it is a party. The Structured Contracts are in full force and effect and have been implemented and performed by the parties thereto in all material respects and none of the parties thereto is in material breach or default in the performance of the Structured Contracts. None of the parties to the Structured Contracts or any arrangements underlying the Structured Contracts has sent or received any communication regarding termination of, or intention not to renew, any of the Structured Contracts or any arrangement underlying the Structured Contracts, and, to the best of the Issuer’s knowledge, no such termination or non-renewal has been threatened or is being contemplated by any of the parties thereto.
- (b) The Structured Contracts are narrowly tailored to achieve the business purposes of the relevant member of the Group and minimise the potential for conflict with relevant Laws of the PRC and regulations and also are designed to enable the Issuer to exercise effective control over the relevant entities in the PRC and to protect and safeguard the interest of the Issuer and its shareholders as a whole in the event of any dispute between the Issuer and the registered shareholders of the relevant entities in the PRC.

## 2. THE BUSINESS AND LAW

### 2.1 Compliance with Law

- (a) The Business has been conducted by the Group in accordance with all applicable Law and save as Disclosed, there is no investigation, disciplinary proceeding or enquiry by, or order, decree, decision or judgment of any Authority outstanding, or (to the best of the Issuer's knowledge) threatened or expected to be issued against any member of the Group, the Business or their respective assets or any person for whose acts or defaults they may be vicariously liable, and which is of a material nature.
- (b) The Issuer is in compliance with all applicable Law with respect to the Subscription Shares.
- (c) No Authorisation of or with any Authority having jurisdiction over the Issuer is required and no other action or thing is required to be taken, fulfilled or done for the issue or offer of the Subscription Shares or the consummation of the other transactions contemplated by this Agreement (except for those which have been or will, on or prior to the Completion Date be, obtained and are or will, on the Completion Date be, in full force and effect).

### 2.2 Authorisations

- (a) All material Authorisations necessary for utilising any of the Business Assets or carrying on any aspect of the Business in the places and in the manner in which such business is now carried on and presently proposed to be carried on (including any Authorisations for the manufacturing, production and distribution of its products) have been duly obtained by the applicable member of the Group. Each of such Authorisations is in full force and effect and there is no statement, notification or intimation of or reason to expect an intention to suspend, cancel, modify or revoke or not to renew the same having been recorded.
- (b) All reports, returns and information required by any Law or as a condition of any Authorisations to be made or given to any person or Authority in connection with the Business have been made or given to the appropriate person or Authority by the applicable member of the Group in all material respects.
- (c) The utilisation of any of the assets of the Group or the carrying on of any aspect of the Business is not in breach of any of the terms and conditions of any Authorisation and (to the best of the Issuer's knowledge) there is no circumstance which indicates that any Authorisation is likely to be suspended, cancelled, or revoked or that any of them will expire and not be renewed within a period of five years from the date of this Agreement.
- (d) At Completion, there will be no restriction on the right of the Issuer or any other member of the Group to carry on the Business which is not now applicable.
- (e) To the knowledge of the Issuer, all applicable foreign exchange registration or filing requirements with respect to any legal or beneficial PRC owner of any securities of the Issuer (whether directly or indirectly) have been duly made with competent SAFE office in accordance with applicable laws (including the *Notice on Issues Relating to the Administration of Foreign Exchange in Fundraising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies* effective as of 1 November 2005 and the *Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas*

*Investment and Financing and Round Trip Investment via Special Purpose Companies* effective as of 4 July 2014).

### 2.3 **Breach of Law**

- (a) No member of the Group nor any of its officers, agents or employees (during the course of their duties in relation to the Business) have committed, or omitted to do, any act or thing the commission or omission of which is in contravention of any Law and, to the best of the Issuer's knowledge, no notice or communication has been received with respect to any alleged, actual or potential violation of or failure to comply with, any Law in all material respects.
- (b) Save as Disclosed, the Issuer is not in breach of any rules, regulations or requirements of the HKSE (including the Listing Rules), the Companies Ordinance or the SFO or any undertakings provided in favour of the HKSE, other than the Condition Precedent in Clause 3.1(b) (listing approval), all necessary consents (if any) have been obtained from the HKSE and other Authority to execute and enter into the transactions contemplated by this Agreement.

### 2.4 **Litigation**

- (a) Save as Disclosed and except for litigations or claims arising in the ordinary and usual course of business (including claims made to or by suppliers) not exceeding US\$3,000,000 in aggregate in a financial year, no member of the Group (nor any of their officers or employees of the Business) is engaged in or the subject of any litigation or arbitration or administrative or criminal proceedings (whether as claimant, plaintiff, defendant or otherwise), or any investigation or enquiry by any Authority, which is of a material nature and the quantum of which is expected to exceed US\$3,000,000.
- (b) Save as Disclosed and except for litigations or claims arising in the ordinary and usual course of business (including claims made to or by suppliers) not exceeding US\$3,000,000 in aggregate in a financial year, no litigation or arbitration or administrative or criminal proceedings or investigation or enquiry relating to the Business of a material nature is pending or threatened or (to the best of the Issuer's knowledge) expected by or against any member of the Group (or any of their officers or employees) and there are no facts or circumstances likely to give rise to the same.
- (c) Save as Disclosed and except for litigations or claims arising in the ordinary and usual course of business (including claims made to or by suppliers) not exceeding US\$3,000,000 in aggregate in a financial year, no member of the Group (nor any of their officers or employees) has been a party to any material undertaking or assurance given to any Authority, or is subject to any injunction or other similar court order of a material nature which is still in force.

### 2.5 **Related Party Transactions**

All transactions between any member of the Group on the one hand and a connected person of the Issuer on the other hand are in all material respects in compliance with the Listing Rules (to the extent applicable), and such transactions as described in the Previous Announcements were true and accurate in all material respects and not misleading in any material respect.

### 2.6 **Material Contracts**

- (a) For the purposes of this Agreement, “**Material Contracts**” means all subsisting agreements, contracts, leases, licenses, instruments, commitments (oral or written) and other obligations to which any member of the Group is a party or by which it is bound that are material to the conduct and operations of its business and properties, where “**material**” means: (i) having an aggregate value, cost or amount, or imposing liability or contingent liability on any member of the Group, in excess of US\$3,000,000; (ii) not terminable upon 30 days’ notice without incurring any penalty or obligation; (iii) containing exclusivity, non-competition, or similar clauses that impair, restrict or impose conditions on the right of any member of the Group to operate its business in specified areas, during specified periods, or otherwise; (iv) not in the ordinary course of business; or (v) an agreement the termination of which would be reasonably likely to have a Material Adverse Change.
- (b) Each subsisting Material Contract to which any member of the Group is a party is valid and in full force and effect, and is enforceable by such member of the Group in accordance with its terms.

## 2.7 **Health and Safety**

The Group has, in relation to the employees of and any person who might be affected by the conduct of the Business or the operation of the Business Assets, complied in all material respects with all requirements of all applicable Law relating to health and safety and all regulations made thereunder.

## 2.8 **Inducements**

To the best of the Issuer’s knowledge, no officer, agent or employee of any member of the Group has paid or accepted any unlawful bribe or inducement (monetary or otherwise) or used any Business Assets unlawfully to obtain an advantage for himself or any other person.

## 2.9 **No Breach of Contract**

The compliance by the Issuer with the provisions of this Agreement (as well as the consummation of the transactions contemplated by this Agreement) will not conflict with or result in a breach or violation of, or result in any third party consent being required under, any of the terms or provisions of any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument, decree, regulation or Law to which any member of the Group is a party or by which any of the property or assets of any member of the Group is subject or any Law or Authority having jurisdiction over any member of the Group or the property or assets of any member of the Group.

## 2.10 **No Conflict with Other Obligations**

No member of the Group is in breach of or in default of: (a) any Material Contract; or (b) any other contract or agreement which may result in or has resulted in a Material Adverse Change. Neither this Agreement nor any transactions contemplated by it will constitute or give rise to a breach of or default under: (i) any Material Contract; or (ii) any other agreement or arrangement to which any member of the Group is a party or give rise to any rights of any third party in respect of any assets of the Group.

## 2.11 **Employees**

- (a) Each member of the Group has complied with its statutory and contractual obligations in all material respects to applicants for employment, its Employees and former employees.

- (b) To the best of the Issuer's knowledge, none of the Employees belongs or has belonged at any material time to any Representative Body.
- (c) There is no employee representative representing all or any of the Employees.
- (d) There is no material outstanding undischarged liability to pay to any Authority any contribution, Taxation or other duty arising in connection with the employment or engagement of any of the Employees.
- (e) No member of the Group has come to any arrangement pursuant to which any person is to receive from any member of the Group any severance related, incentive related or other payment as a result of the entering of this Agreement.
- (f) All amounts to be paid by any member of the Group to any Employee in respect of redundancy or economic dismissal (whether statutory or contractual) have been paid or have been accrued in full in the accounts of the relevant member of the Group.
- (g) To the extent applicable, each employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by any member of the Group (collectively, the "**Employee Benefit Plans**") has been maintained in substantial compliance with its terms and with the requirements of any and all applicable Laws. No member of the Group has incurred any obligation in connection with the termination of or withdrawal from any of the Employee Benefit Plans.

## 2.12 **Employee Disputes**

There is no:

- (a) outstanding or (to the best of the Issuer's knowledge) threatened claim, or application in any employment tribunal or court or any pending appeal from any tribunal or court, by any person who is now or has been an Employee or any circumstances in existence which is likely to give rise to any such dispute involving an amount in excess of HK\$3,000,000 (or its equivalent in other currencies, whether individually or in a series of related transactions);
- (b) industrial action involving any member of the Group, whether official or unofficial, currently occurring or threatened, and there has been no such action during the three years prior to the date of this Agreement;
- (c) Employee who has within the period of 12 months prior to the date of this Agreement been involved in any civil or criminal proceedings relating to the Business and (to the best of the Issuer's knowledge) there are no circumstances which are likely to give rise to any such proceedings;
- (d) to the best of the Issuer's knowledge, strike, labour dispute or negotiation regarding a claim of material importance with the employees of the Group (or with any trade union or other body representing the employees or the former employees of each member of the Group) exists or (to the best of the Issuer's knowledge) is imminent; and
- (e) existing or (to the best of the Issuer's knowledge) imminent labour disturbance by the employees of any of the contractors of any member of the Group which could result in a Material Adverse Change.

## 2.13 **Fraud**

Save as Disclosed (including but not limited to the proceedings commenced by the SFC at the High Court of Hong Kong under section 214 of the SFO, as Disclosed in the Issuer's announcement dated 2 August 2021), no director, officer, agent or employee of any member of the Group has (in the course of the activities of the Business) committed or purported to commit any member of the Group to any contract, commitment, engagement, arrangement or obligation of any kind which is not in accordance with the authority given to such director, officer, agent or employee by the directors of any member of the Group responsible for conferring such authority and (to the best of the Issuer's knowledge) no director, officer, agent or employee or any of the customers or suppliers of the Business or any other person has committed any fraud upon any member of the Group or has misappropriated any of its property or assets employed in the Business or falsified any of its records.

#### 2.14 **Data Protection**

- (a) Each member of the Group has complied in all material respects with all relevant requirements of the Data Protection Legislation and any similar requirements (including notification, consent and transfer requirements) of any other jurisdiction in which the Group operates.
- (b) To the best of the Issuer's knowledge, no member of the Group has received a notice (including any enforcement or investigation notice), letter or complaint from any Authority or a data subject alleging material non-compliance, breach or contravention by it of any Data Protection Legislation.
- (c) No material claim against any member of the Group for compensation under any Data Protection Legislation is outstanding.

#### 2.15 **Permits**

- (a) Each member of the Group is in possession of all material authorisations, licenses, grants, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Authority necessary for it to own, lease, operate and use of its properties and assets or to carry on its business as it is now being conducted (the "**Material Permits**").
- (b) As at the date of this Agreement, no suspension or cancellation of any of the Material Permits is pending or (to the best of the Issuer's knowledge) threatened. All such Material Permits are valid and in full force and effect. Each member of the Group is in compliance, in all material respects, with the terms of the Material Permits. Without limiting the generality of the foregoing, all Material Permits which are required to be obtained or made in respect of each member of the Group with respect to its capital structure and operations as it is now being conducted, have been duly completed in accordance with applicable Laws.

#### 2.16 **Environmental Laws**

Each member of the Group:

- (a) is and has been in material compliance with, and has received and is and has been in material compliance with all authorisations, licenses, grants, permits, consents, certificates or approvals required of it (or for the occupation of any of its property) under applicable Environmental Laws;



- (b) to the best of the Issuer's knowledge, has not received notice of any actual or potential material violation of or liability under any applicable Environmental Laws; and
- (c) has not been engaged in any Proceedings, litigation, arbitration, administrative or criminal proceedings or negotiations with any person or Authority relating to any Environmental Matters, and no Proceedings, litigation, arbitration, administrative or criminal proceedings or negotiations with any person or Authority relating to any actual or potential Environmental Matters are pending or (to the best of the Issuer's knowledge) threatened or envisaged by or against any member of the Group, the Business or the Business Assets.

## 2.17 Legal and Ethical Practice

- (a) No Issuer Affiliate has violated the US Foreign Corrupt Practices Act or any other applicable anti-bribery or Anticorruption Laws, nor has any Issuer Affiliate offered, paid, promised to pay, or authorized the payment of any money (or offered, given, promised to give, or authorized the giving of anything of value) to any Government Official or to any person under circumstances where such Issuer Affiliate knew (or was aware of a high probability) that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official:
  - (i) for the purpose of: (A) influencing any act or decision of such Government Official in his official capacity; (B) inducing such Government Official to do or omit to do any act in violation of his lawful duties; (C) securing any improper advantage; (D) inducing such Government Official to influence or affect any act or decision of any Authority; or (E) assisting the Issuer or any other member of the Group in obtaining or retaining business for or with, or directing business to, the Issuer or any other member of the Group; or
  - (ii) in a manner which would constitute or have the purpose or effect of public or commercial bribery, acceptance of, or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage.
- (b) No Issuer Affiliate has conducted or initiated any internal investigation or made a voluntary, directed or involuntary disclosure to any Authority or similar agency with respect to any alleged act or omission arising under or relating to any non-compliance with any applicable Anticorruption Laws.
- (c) No Issuer Affiliate has received (or, to the best of the Issuer's knowledge, may receive) any notice, request or citation for any actual or potential non-compliance with any of the foregoing in this Paragraph.
- (d) No officer, director or employee of any member of the Group is a Government Official.
- (e) No Government Official or Authority: (i) owns an interest, whether direct or indirect, in any member of the Group; or (ii) has any legal or beneficial interest in any member of the Group or to payments to be made to the Issuer by the Subscriber under this Agreement.
- (f) The Issuer and each member of the Group has maintained complete and accurate books and records, including records of payments to any agents, consultants,

representatives, third parties and Government Officials in accordance with international financial reporting standards.

## 2.18 **Economics Sanctions Laws**

No member of the Group, nor any officer or director thereof (nor, to the best of the Issuer's knowledge, any Employee, agent, joint venture partner or other third party acting on behalf of any member of the Group): (a) is a Sanctioned Person or is located, organized or resident in a Sanctioned Country; (b) is engaging or has engaged in any operations or dealings in a Sanctioned Country or with any Sanctioned Person to the extent such operations or dealings violate or violated applicable Sanctions Laws; (c) is exporting or importing (or has exported or imported) any goods, services, technology or software without any licenses, authorizations, approvals or registrations required under Ex-Im Laws; (d) has participated in, cooperated with or otherwise supported any foreign boycott that is not sanctioned by the United States (including the Arab League's boycott of Israel); or (e) is otherwise engaging in (or has otherwise engaged in) any activity or dealing in violation of applicable Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws or AML Laws (provided that, in the case of Anti-Boycott Laws, this warranty is only made with respect to the US members of the Group). Each member of the Group is complying (and has complied) in all respects with any licenses, authorizations, approvals or registrations that it has received from any Authority that administers or enforces Sanctions Laws or Ex-Im Laws.

## 2.19 **Anti-Money Laundering**

The operations of each member of the Group are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations and rules ("AML Laws") and no action or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving any member of the Group with respect to applicable AML laws is pending (or, to the knowledge of the Issuer, threatened or contemplated).

# 3. **INFORMATION**

## 3.1 **Announcement**

- (a) The Issuer will make all necessary disclosures pursuant to the Listing Rules and the SFO in connection with the transactions contemplated under this Agreement (including the Announcement).
- (b) All statements of fact contained in the Announcement (including statements on use of the proceeds raised pursuant to this Agreement) will be true and accurate in all material respects and not misleading in any material respect and all statements of opinion, intention or expectation of the Directors in relation to the Issuer or the Group contained therein (if any) are truly and honestly held and have been made on reasonable grounds after due and careful consideration and on bases and assumptions that will be fair and reasonable, and there will be no other fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material respect (or which is otherwise material in the context of this Agreement and the transactions contemplated by this Agreement).

## 3.2 **Public Information**

- (a) All publicly available information and records of the Issuer (including information contained in annual reports, statutory filings and registrations) released or produced by any member of the Group within the three years before the date of this Agreement

was, when supplied or published, true and accurate in all material respects and not misleading in any material respect.

- (b) Except the transactions contemplated by this Agreement, the Share Subscription Agreement, the Other Share Subscription Agreements and the Warrant Agreement, the Issuer is not in possession of any inside information relating to the Issuer or the Group that is required to be disclosed to the public under Part XIVA of the SFO.

### **3.3 Previous Announcements**

With respect to all the Previous Announcements, all statements of fact contained therein were true and accurate in all material respects and not misleading in any material respect, and all statements of opinion, intention or expectation of the Directors in relation to the Issuer or the Group contained therein were truly and honestly held and were made on reasonable grounds after due and careful consideration and on bases and assumptions that were fair and reasonable, and there were no other facts or matters omitted therefrom the omission of which would make any statement therein misleading in any material respect (or which would or might have been material in the context in which the Previous Announcements were made).

### **3.4 Model Code**

The Issuer has adopted a code for transactions in its securities by the Directors no less stringent than the Model Code for Securities Transactions by Directors of Listed Companies set out in the Listing Rules and such code has been and will be fully complied with in connection with the Subscription and the related transactions entered into or to be entered into pursuant to this Agreement.

### **3.5 Share Repurchase**

The Issuer has not repurchased any Share within the 30 days preceding the date of this Agreement.

### **3.6 All Material Matters Disclosed**

The Issuer and the applicable members of the Group have provided the Subscriber or its Representatives with all information and facts relating to the Group, the Business and the Business Assets (including financial information) that the Subscriber and its Representatives have requested in all material respects. To the best knowledge of the Issuer, no information or materials provided to the Subscriber and its Representatives in connection with its due diligence investigation of any member of the Group or the negotiation and execution of this Agreement, taken as a whole, contains any untrue statement of a material fact or intentionally omits to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstance in which they are made, not misleading. The Issuer is not aware of any other fact or matter the disclosure of which might reasonably affect the willingness of the Subscriber to subscribe for the Subscription Shares on the terms and conditions of this Agreement.

## **4. SOLVENCY**

### **4.1 Winding-up**

No order has been made, petition presented or resolution passed for the winding up of any member of the Group and no meeting has been convened for the purpose of winding up any member of the Group.

#### 4.2 **Administration and Receivership**

No steps have been taken for the appointment of an administrator or receiver (including an administrative receiver) in respect any member of the Group or all or any part of the Business Assets.

#### 4.3 **Compositions**

No member of the Group has made or proposed any arrangement or composition with its creditors or any class of its creditors.

#### 4.4 **Insolvency**

No member of the Group is insolvent, or is otherwise unable to pay its debts within the meaning of the insolvency laws applicable to it. Save as Disclosed, no member of the Group has stopped paying its debts as they fall due.

#### 4.5 **Unsatisfied Judgments**

No distress, execution or other process has been levied against any member of the Group or action taken to repossess any of the Business Assets which has not been satisfied in full. No unsatisfied judgment is outstanding against any member of the Group.

#### 4.6 **Floating Charges**

No floating charge created by any member of the Group has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.

#### 4.7 **Analogous Events**

No event analogous to any of the foregoing has occurred in any other jurisdiction.

### 5. **ACCOUNTS AND RECORDS RELATING TO THE BUSINESS**

#### 5.1 **Books and Records**

All accounts, books, ledgers, financial and other records of whatsoever kind (“**Records**”) of the Business:

- (a) have been properly maintained on a consistent basis and in accordance with Law, are and will at the Completion Date be up to date and contain true records in all material aspects of the Business and/or the Business Assets to which they relate and of all matters required by Law to be entered therein;
- (b) do not contain or reflect any material inaccuracies or discrepancies;
- (c) give and reflect a true and fair view of the financial, contractual and trading position of the Business and of its fixed and current assets and liabilities (actual and contingent), debtors and creditors (as appropriate) and all other matters which ought or would normally be expected to appear therein;
- (d) are in the possession (or under the control) of a member of the Group; and
- (e) no notice or allegation that any of the records is incorrect or should be rectified has been received.

## 5.2 Financial Statements

The Financial Statements:

- (a) have been prepared on a recognised and consistent basis and in accordance with the requirements of all relevant Law and HKFRS;
- (b) comply with all applicable Law, and show a true and fair view of the state of affairs, assets and liabilities, financial position and profit or loss of the Group for the period in question;
- (c) are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the relevant member of the Group (save as disclosed in such accounts); and
- (d) make adequate provision for all Taxation in respect of all accounting periods ended on or before the respective date for which the relevant member of the Group was then or might at any time thereafter become or have been liable.

## 5.3 Interim Statements

The Interim Statements:

- (a) have been prepared on a recognised and consistent basis and in accordance with the requirements of all relevant Law and HKFRS;
- (b) comply with all applicable Law, and are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the relevant member of the Group (save as disclosed in such accounts);
- (c) have been prepared in good faith, are not misleading and fairly present in all material respects, and do not materially misstate:
  - (i) the assets and liabilities of the Group as at the Interim Balance Date; and
  - (ii) the profits and losses and cash flows of the Group for that period ending on the Interim Balance Date,using the same accounting policies as adopted in the Financial Statements applied on a consistent basis (except that the period end adjustments which would arise on an audit have not been made, but which should not have a material impact to the profit and loss or the financial position of the Group); and
- (d) as at the Interim Balance Date:
  - (i) make full provision for all actual liabilities;
  - (ii) disclose all contingent liabilities required to be disclosed by HKFRS; and
  - (iii) make provision reasonably regarded as adequate for all bad and doubtful debts.

## 5.4 Management Accounts

The Management Accounts:

- (a) have been prepared in good faith, are not misleading and fairly present in all material respects, and do not materially misstate:
  - (i) the assets and liabilities of the member of the Groups as at the Management Accounts Date; and
  - (ii) the profits and losses and, where applicable, cash flows of the member of the Groups for that period ending on the Management Accounts Date,  
  
using the same accounting policies as adopted in the Financial Statements applied on a consistent basis (except that the period end adjustments which would arise on an audit have not been made, but which should not have a material impact to the profit and loss or the financial position of the Group); and
- (b) as at the Management Accounts Date:
  - (i) make full provision for all actual liabilities;
  - (ii) disclose all contingent liabilities required to be disclosed by HKFRS; and
  - (iii) make provision reasonably regarded as adequate for all bad and doubtful debts.

#### 5.5 Profits

The profits of the Business as shown by the Financial Statements, the Interim Statements and the Management Accounts have not (save as fairly disclosed in such accounts) been affected by the inclusion of non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms or by any other factors rendering such profits exceptionally high or low.

#### 5.6 Dividends

Any dividends paid or payable to shareholders of each of the Issuer and the other members of the Group are duly declared and distributed in accordance with Law and the Constitution or the memorandum and articles of association (or equivalent constitutional documents) of the Issuer or the relevant other member of the Group (as the case may be), and the relevant taxes were properly borne by the responsible parties in accordance with the taxation laws in the relevant jurisdiction.

#### 5.7 Provision for Liabilities

- (a) Full provision has been made in the Financial Statements for all actual liabilities of the Group outstanding at the Balance Sheet Date and proper provision (or note) in accordance with HKFRS at the time they were audited has been made therein for all other liabilities of the Group then outstanding in relation to the Business (whether contingent, quantified, disputed or not).
- (b) Full provision has been made in the Interim Statements and the Management Accounts for all actual liabilities of the Group outstanding at the Interim Balance Date and the Management Accounts Date respectively, and proper provision (or note) in accordance with HKFRS has been made therein for all other liabilities of the Group then outstanding in relation to the Business (whether contingent, quantified, disputed or not).

- (c) No member of the Group has any material liabilities except for: (i) liabilities set forth on the face of the Financial Statements; and (ii) liabilities incurred in the ordinary course of business since the Balance Sheet Date (none of which results from, arises out of or relates to any breach or violation of, or default under, any obligations under any contract to which such member of the Group is a party or any applicable Law).

## 5.8 Others

- (a) No change in the policies of accounting has been made in preparing the accounts of the Group for each of the financial periods covered by the Financial Statements, the Interim Statements and the Management Accounts.
- (b) The assets of each member of the Group covered were depreciated and amortised: (i) in accordance with the relevant accounting policies disclosed in; and (ii) on the same basis for each of the financial periods covered by, the Financial Statements, the Interim Statements and the Management Accounts.
- (c) In connection with the Subscription, the Issuer has furnished to the Subscriber certain projected budgets, financial statements and forecasts. Such projected budgets, financial statements and forecasts were prepared by the Issuer in good faith based on its best knowledge, information and belief.
- (d) All amounts paid or otherwise distributed by any member of the Group to its direct or indirect equity holders (other than to another member of the Group) for dividend, distribution, share redemption or repurchase or similar transactions have been paid or otherwise distributed in compliance with all applicable Law and accounting requirements.

## 6. CONDUCT OF THE BUSINESS

Since the Balance Sheet Date:

- (a) the Business has been carried on in the ordinary and usual course so as to maintain it as a going concern and without any material interruption or alteration in the nature, scope or manner of the Business;
- (b) no member of the Group has suspended or ceased (or threatened to suspend or cease) to carry on all or a material part of its business;
- (c) there has been no deterioration in the financial or trading position, profitability, prospects or turnover of the Business;
- (d) there has been no significant event or occurrence (including the loss of any significant customer or supplier) which has resulted in or may following Completion result in a Material Adverse Change;
- (e) no member of the Group has done or omitted to do anything which might adversely affect the goodwill of the Business;
- (f) there has been no unusual change in the stock in trade or work in progress of the Group;
- (g) no member of the Group has entered into any material contract outside the ordinary course of business or inconsistent with past practice;

- (h) save as Disclosed, no member of the Group has entered into, or agreed to enter into, any commitment to acquire or dispose of any asset or any commitment involving expenditure involving an amount in excess of HK\$10,000,000 (or its equivalent in other currencies, whether individually or in a series of related transactions);
- (i) save as Disclosed, no member of the Group has assumed or incurred any material liabilities in excess of HK\$10,000,000 (including contingent liabilities) otherwise than in the ordinary course of carrying on the Business consistent with past practice;
- (j) save as Disclosed, no member of the Group has incurred any borrowings or other indebtedness or raised money or taken any form of financial facility (whether pursuant to a factoring arrangement or otherwise) in excess of HK\$10,000,000;
- (k) no member of the Group has declared, made or paid any dividend or other distribution of profits or assets to any person (except to another member of the Group);
- (l) save as Disclosed, no member of the Group has issued or allotted (or agreed to issue or allot) any share or loan capital, or any other security giving rise to a right over its capital;
- (m) there have been no material changes in the accounting policies of any member of the Group (including the change in depreciation or amortisation policies) and no revaluation of any member of the Group's properties or assets; and
- (n) there has been no Material Adverse Change.

## **7. CONSEQUENCE OF THE ISSUE OF SUBSCRIPTION SHARES**

The issue of the Subscription Shares and compliance with the terms of this Agreement will not:

- (a) to the best of the Issuer's knowledge, cause any member of the Group to lose the benefit of any Authorisation or any right or privilege it presently enjoys or relieve any person of any obligation to any member of the Group (whether contractual or otherwise) or enable any person to determine any such obligation or any contractual right or benefit now enjoyed by any member of the Group or to exercise any right (whether under an agreement with any member of the Group or otherwise);
- (b) result in any present or future indebtedness of any member of the Group becoming due or capable of being declared due and payable prior to its stated maturity;
- (c) give rise to or cause to become exercisable any right of pre-emption;
- (d) result in a breach of (or constitute a default under) any provision of the memorandum or articles of association or other constitutional documents of any member of the Group;
- (e) result in a breach of (or constitute a default under) any order, judgment or decree of any Authority by which any member of the Group is bound or subject; or
- (f) result in a breach of (or constitute a default under) the terms, conditions or provisions of any agreement, understanding, arrangement or instrument (including any contracts to which any member of the Group is party),



and (to the best of the Issuer's knowledge) the relationships of each member of the Group with its clients, customers, suppliers and employees will not be materially and adversely affected thereby and the Issuer is not aware of any circumstances (whether or not connected with the Subscriber or the Subscription) indicating that, nor has it been informed or is otherwise aware that, any person who now has business dealings with any member of the Group would or might cease to do so as a result of the issue and allotment of the Subscription Shares to the Subscriber.

## **8. FINANCIAL MATTERS**

### **8.1 Off-balance Sheet Financing**

No member of the Group has engaged in any borrowing or financing not required to be reflected in the Financial Statements or the Interim Statements, and the Group has not engaged in any borrowing or financing which is not reflected in the Financial Statements or the Interim Statements.

### **8.2 Working Capital**

Each member of the Group has sufficient working capital to continue to carry on its business in substantially the same manner as at the date of this Agreement, and for the purposes of performing in accordance with their terms all subsisting orders, projects and contractual obligations that have been placed with or undertaken by any member of the Group.

### **8.3 Financing Facilities**

The total amount borrowed by the Group from its financiers does not exceed its facilities and the total amount borrowed by the Group from whatsoever source does not exceed any limitation on its borrowing contained in its memorandum and articles of association (or other constitutional documents), or in any agreement to which any member of the Group is a party.

## **9. INSURANCES**

- (a) Each member of the Group has maintained adequate insurance coverage against risks normally insured against by companies carrying on similar businesses (including property insurance, product liabilities insurance, business interruption insurance and third party liability insurance). Each such insurance policy is legal, valid, binding, enforceable and in full force and effect. No member of the Group is in breach in any material respect or default (including with respect to the payment of premiums or the giving of notices) under such policy.
- (b) All premiums due and payable under all such policies have been paid, and no member of the Group is liable for any retrospective premiums or similar payments.
- (c) No material insurance claim is outstanding and no circumstances exist which are likely to give rise to any material insurance claim.

## **10. THE BUSINESS AND ITS ASSETS**

### **10.1 Assets and Charges**

- (a) The members of the Group are the owners legally and beneficially of, and have good title to, all of the material Business Assets free from any Encumbrance or any third party claim and all such assets are within the control or possession of the Group.

- (b) No material Business Asset is shared by the Group with any other person outside the Group.
- (c) The Business Assets comprise all of the assets, rights and privileges which are currently required by the Group to carry on the Business and all in satisfactory working order.
- (d) To the best of the Issuer's knowledge, there is no dispute or circumstances likely to give rise to a dispute directly or indirectly relating to all or any of the Business Assets which would materially adversely affect the trading or financial position of the Business.

## 10.2 Intellectual Property Rights

- (a) A true and complete list of all Intellectual Property Rights of the Group which are subject to registration has been provided by the Issuer to the Subscriber (the "**Group Registered IP**").
- (b) The Group: (i) exclusively owns all right, title and interest in and to the Group Registered IP; and (ii) exclusively owns all right, title and interest in and to, or has sufficient rights pursuant to a license, all other Intellectual Property Rights used in or necessary to carry on the Business in each country in which it operates, in each case free and clear from all Encumbrances.
- (c) Save as Disclosed, no member of the Group has received any notice or is otherwise aware of any facts or circumstances which would render any Group Registered IP, or any other Intellectual Property Rights necessary to carry on the Business, invalid or unenforceable.
- (d) Save as Disclosed, members of the Group and the conduct of the Business do not infringe, misappropriate or violate (and have not infringed, misappropriated or violated) the Intellectual Property Rights of any third party. Save as Disclosed and to the best of Issuer's knowledge, no third party is infringing, misappropriating or violating (or has infringed, misappropriated or violated) the Group's Intellectual Property Rights.
- (e) Save as Disclosed, no member of the Group has received any notice of material infringement or misappropriation of, or conflict with, the Intellectual Property Rights of any third party.

## 10.3 Computer Systems

- (a) The Computer Systems owned by or licensed to each member of the Group comprise all computer hardware and software systems necessary for the operation of the Business as carried on at the date of this Agreement, and no member of the Group is in breach of any material agreement relating to Computer Systems.
- (b) To the best of the Issuer's knowledge, the activities of each member of the Group does not infringe and have not infringed any rights to Computer Systems (including source codes) of any third party and do not make unauthorised use, and have not made unauthorised use, of any rights to Computer Systems (including source codes) owned by any third party. No claims have been received by any member of the Group in respect of any such infringement or unauthorised use.

## 11. MANAGERS

- (a) A true and complete list of the full names of and offices held by each person who is a director or senior officer or key management personnel of each member of the Group as of the date of this Agreement (the “**Managers**”) has been provided by the Issuer to the Subscriber.
- (b) Save as Disclosed, all Managers have entered into non-compete agreements with the Group and to the best knowledge of the Issuer, none of the Managers is in violation of his/her employment agreement or confidential information, non-compete and intellectual property rights assignment agreement with the Issuer or any of his/her former employer(s).
- (c) None of the Managers has given notice terminating his contract of employment or engagement.
- (d) Since the Balance Sheet Date, no material change has been made in: (i) the rate of remuneration (or the emoluments or pension benefits or other contractual benefits) of any of the Managers; or (ii) the terms of engagement of any of the Managers.

## 12. TAXATION

### 12.1 Liability for Tax

- (a) No member of the Group has any liability in respect of Taxation (whether actual or contingent):
  - (i) assessable or payable by reference to profits, gains, income or distributions earned, benefits claimed, received or paid or arising or deemed to arise on or at any time prior to the Balance Sheet Date; or
  - (ii) referable to transactions effected on or before the Balance Sheet Date, that is not disclosed or provided for in the Financial Statements.
- (b) No member of the Group is or will become liable to pay or make reimbursement or indemnity in respect of any Taxation for which it is not primarily liable in consequence of the failure by any other person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstances arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.

### 12.2 Payment

- (a) All Taxation of any nature whatsoever for which any member of the Group is liable or for which it is liable to account has been duly and punctually paid insofar as such Taxation ought to have been paid and has not paid any Tax which it was and is not properly due to pay. Without prejudice to the generality of the foregoing, each member of the Group has made all such deductions and retentions as it was obliged or entitled to make and all such payments as should have been made.
- (b) No member of the Group is, or has been in the past five years, under any liability to pay any penalty, fine or interest in connection with any claim for Tax, and (to the best of the Issuer’s knowledge) there are no circumstances existing at Completion which may give rise to any such penalty, fine or interest.

- (c) All payments by a member of the Group to any person which ought to have been made after deduction of Tax have been so made and such member of the Group has (if required by any applicable law or regulation to do so) provided certificates of deduction to such person and accounted to any Tax Authority concerned for the Tax so deducted.
- (d) There are no liens for Taxes upon any assets of any member of the Group, except statutory liens for Taxes not yet due and payable.

### 12.3 General and Compliance Matters

- (a) Each member of the Group has, in accordance with Law, duly registered with the relevant Tax Authority and has complied with all requirements imposed by such Tax Authority in all material respects.
- (b) Provision or reserve has been made in the Financial Statements for all Tax liable to be assessed on the Group or for which it is or may become accountable in respect of income, profits or gains earned, accrued or received by the Business or any member of the Group on or before the Balance Sheet Date and any event on or before the Balance Sheet Date (including distributions made down to such date or provided for in the Financial Statements) and provision has been made in the Financial Statements for deferred Tax, if any, calculated in accordance with applicable accounting principles.
- (c) Each member of the Group has complied with all Law relating to registration or notification for Taxation purposes in respect of the Business in all material respects.
- (d) Each member of the Group has paid or accounted for all Taxes (if any) due to be paid or accounted for by it in respect of the Business.
- (e) The returns and Tax payments which ought to have been made by or in respect of the Business and the Group for any Taxation purposes have been made and all such returns have been prepared on a correct and proper basis and remain correct and complete, and none of such returns is disputed in any material respect and (to the best of the Issuer's knowledge) no material dispute is likely.
- (f) There is no material dispute or disagreement outstanding nor is any contemplated at the date of this Agreement with the relevant Tax Authority regarding liability or potential liability to any Tax or duty (including in each case penalties or interest) recoverable from any member of the Group or the Business or regarding the availability of any relief from any Tax or duty to any member of the Group or the Business.
- (g) Each member of the Group has duly made up all deeds and documents (properly registered and stamped where necessary) belonging to, under the control of or in the possession of each member of the Group and the Business and all such deeds and documents do not contain any material inaccuracies or discrepancies of any kind and accurately reflect all transactions which it has entered into.
- (h) Each member of the Group has kept and preserved records and information:
  - (i) as may be needed to enable it to deliver correct and complete returns for its accounting periods; and

- (ii) relating to past events to calculate the Tax liability which would arise on any disposal or on the realisation of any asset owned at the Balance Sheet Date by any member of the Group or acquired by any such member of the Group since that date but before Completion.
- (i) The Issuer is not, and is not at risk of being or becoming, classified as a “passive foreign investment company” or a “controlled foreign corporation” for United States federal income tax purposes.
- (j) The Issuer has not, for any period commencing after the Balance Sheet Date, taken any action which has had or might have the result of altering, prejudicing or in any way disturbing for any period commencing after the Balance Sheet Date any arrangement or agreement which it has previously negotiated with any Tax Authority.
- (k) To the best of the Issuer’s knowledge, no jurisdiction where any member of the Group does not file a tax return has made a claim that such member of the Group is required to file a tax return.
- (l) Each member of the Group has in the last five years neither received any visit or inspection from any Tax Authority nor any notice of enquiry into any return made by such member, save for any visit or inspection that is within the usual course of business.
- (m) No member of the Group has received any notice from any Tax Authority which required or will or may require such member of the Group to withhold tax from any payment made since the Balance Sheet Date or which will or may be made after the date of this Agreement.

#### 12.4 **Tax Avoidance**

- (a) No member of the Group has entered into or been engaged in or been a party to any transaction which is artificial or fictitious or any transaction or series of transactions or scheme or arrangement of which the main or dominant purpose (or one of the main or dominant purposes) was the avoidance or deferral of or reduction in a liability for Tax.
- (b) No member of the Group has been involved in any transaction, or series of transactions, or part of transactions that may for any Tax purposes be disregarded, recharacterised or reconstructed by reason of any motive to avoid, reduce or delay a possible liability to Tax.
- (c) All agreements and arrangements entered into by the Issuer and/or between members of the Group in relation to the Business have been entered into and effected on an arm’s length basis and in accordance with the transfer pricing principles, laws and documentation requirements applied by Tax Authorities in all relevant jurisdictions.

#### 12.5 **Employees**

- (a) No member of the Group has made any payment to or provided any benefit for any officer or employee or ex-officer or ex-employee of such member of the Group which is not allowable as a deduction in calculating the profits of such member of the Group for Taxation purposes.

- (b) No member of the Group is under an obligation to pay nor has it since the Balance Sheet Date paid or agreed to pay any compensation for loss of office or any gratuitous payment not deductible in computing its income for the purposes of Tax.
- (c) Each member of the Group has made adequate social security and social insurance contributions and housing benefits for their employees, and timely withheld adequate personal income tax and social security payments on behalf of their employees, as required by Law.

#### 12.6 Tax Incentives

Each member of the Group has used its best efforts to obtain Tax incentives available in the jurisdiction of their operations (including Tax holidays) available to its industry or business sector or to the companies of its type.

#### 12.7 Double Taxation and Tax Sharing

- (a) Each member of the Group has made all claims necessary to obtain relief from double taxation under any relevant bilateral convention relating to double taxation in respect of income, profits, gains or payments accrued in the Financial Statements or made prior to the Balance Sheet Date.
- (b) No member of the Group is bound by or party to (nor will it become bound by or party to) any tax indemnity, tax sharing or tax allocation agreement in respect of which claims would not be time barred.

#### 12.8 Stamp Duty

- (a) All documents which are of material importance (and in the enforcement of which any member of the Group may be interested) have been duly stamped in accordance with applicable Laws.
- (b) Each member of the Group has duly paid or has procured to be paid all stamp duty and all other similar Taxes on documents to which it is a party or in which it is interested and which are liable to stamp duty and which are of material importance.

### 13. RELATIONSHIP WITH LESHI GROUP

- (a) No agreement, understanding or arrangement (whether oral or written, formal or informal) has been entered into between any member of the Group and any member of the Leshi Group.
- (b) The Issuer is a respondent to the proceedings commenced by the SFC under section 214 of the SFO at the High Court of Hong Kong, as Disclosed in the Issuer's announcement dated 2 August 2021. The Issuer may commence proceedings against, amongst others, Jia Yueting. Except for the foregoing, there is no dispute or disagreement outstanding nor is any contemplated at the date of this Agreement between any member of the Group and any member of the Leshi Group, and to the best of the Issuer's knowledge, there are no circumstances likely to give rise to a dispute or disagreement between any member of the Group and any member of the Leshi Group.

## SCHEDULE 2      FORM OF COMPLETION CERTIFICATE

### Subscription Shares

I, the undersigned, being a director of Coolpad Group Limited (酷派集團有限公司) (the “**Issuer**”), refer to the subscription agreement dated [●] 2021 between the Issuer, Mr. Chen Jiajun (陳家俊) and Great Shine Investment Limited (宏暉投資有限公司) (as may be amended or supplemented from time to time) (the “**Subscription Agreement**”) in respect of the Subscription Shares. Terms defined in the Subscription Agreement have the same meanings in this certificate.

As required by Clause 3.1 (Conditions Precedent) of the Subscription Agreement, I hereby certify that:

- (a) the Warranties are true and correct as at, and as if made on, the Completion Date;
- (b) the Conditions Precedent have been duly fulfilled (except for such Conditions Precedent specified on the part of the Subscriber or to be performed by the Subscriber or waived by the Subscriber);
- (c) the Issuer has not committed any breach of or has omitted to observe any of its obligations or undertakings under the Subscription Agreement; and
- (d) there has not occurred any Material Adverse Change.

Yours faithfully  
for and on behalf of  
**Coolpad Group Limited (酷派集團有限公司)**

.....  
Chen Jiajun  
*Director*

### **SCHEDULE 3            LIMITATIONS ON THE LIABILITY OF THE ISSUER**

#### **1.    Scope**

- 1.1    Save as otherwise expressly provided in this Schedule, the provisions of this Schedule shall operate to limit the liability of the Issuer in respect of any claim for breach of Warranties and references to “**claim**” and “**claims**” shall be construed accordingly.
- 1.2    All of the limitations on the liability of the Issuer contained in this Schedule are subject to paragraph 7 of this Schedule.

#### **2.    Limitations of quantum**

- 2.1    The maximum aggregate liability of the Issuer in respect of all claims for breach of Warranties shall not exceed the amount of the Subscription Price.
- 2.2    No liability shall attach to the Issuer unless the aggregate amount of all claims for breach of Warranties for which it would, in the absence of this provision, be liable shall exceed HKD1,000,000 and in such event the Issuer shall be liable for the whole of such amount and not merely the excess.

#### **3.    Time limits**

- 3.1    The Issuer shall be under no liability in respect of any claim for breach of Warranties unless notice of such claim shall have been served upon the Issuer by the Subscriber by no later than the date specified below:
- (a) in respect of any Fundamental Warranties: at any time prior to the expiry of the applicable statutory limitation period; and
- (b) in respect of any Warranties (other than the Fundamental Warranties): within twenty-four months after the Completion Date.

#### **4.    No double recovery**

The Subscriber shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once for the same Losses.

#### **5.    Payment of Claim to be in reduction of Consideration**

If the Issuer pays any sum to the Subscriber pursuant to a claim, that part of the Subscription Price received by the Issuer shall be deemed to be reduced by the amount of such payment.

#### **6.    Survival of these provisions**

The provisions of this Schedule shall apply notwithstanding any other provision of this Agreement and will not be discharged or cease to have effect in consequence of any termination or rescission of any other provisions of this Agreement.

#### **7.    Fraud, power, authority and capacity**

None of the limitations on the liability of the Issuer set out in this Schedule (whether as to the quantum of the claim, the time limit for notification of the claim, the procedures or requirements for making a claim or otherwise) shall apply to any claim against the Issuer to the extent that the liability of the Issuer in respect of that claim arises from fraud, gross negligence, wilful default or dishonesty on the part of the Issuer on or prior to Completion.



[signature page of the Company]

**THE COMPANY**

**SIGNED**  
for and on behalf of  
**COOLPAD GROUP LIMITED**

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Name: MA Fei  
Title: Director

[signature page of the Subscriber]

**THE SUBSCRIBER**

**SIGNED**  
for and on behalf of  
**GREAT SHINE INVESTMENT**  
**LIMITED**

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)  
)  
)  
)



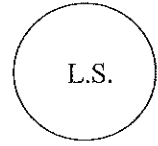
Name: *Chen Jiajun*  
Title: *Director*

[signature page of the Guarantor]

**THE GUARANTOR**

**SIGNED, SEALED AND DELIVERED**  
by Chen Jiajun (陈家俊)

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签字

## Appendix 1

### FORM OF WIRE TRANSFER INSTRUCTION

**To:** Great Shine Investment Limited (宏暉投資有限公司)

Date: [●] 2021

Dear Sir or Madam,

Pursuant to the Subscription Agreement of COOLPAD GROUP LIMITED (酷派集團有限公司) (the “**Company**”) dated [●] 2021 by and between Mr. Chen Jiajun (陳家俊), Great Shine Investment Limited (宏暉投資有限公司) and the Company, please wire the payment listed below in full, into the following bank account of the Company:

Purchaser	Payment of the Subscription Price
Great Shine Investment Limited (宏暉投資有限公司)	HK\$[●] or US\$[●] (based on an exchange rate of HKD7.775 : USD 1), at the Subscriber’s election

Information of the Bank Account	
A/C No.	
A/C Name	
Correspondent Bank	
ABA	
Beneficiary Bank Name	
SWIFT Code	
ABA	
Beneficial Bank Address	
Company’s Mailing Address	

Best regards,

COOLPAD GROUP LIMITED (酷派集團有限公司)

By: \_\_\_\_\_

Name: Chen Jiajun (陳家俊)

Title: Director