

Dated 18<sup>th</sup> June 2015

**CHINA SEVEN STAR HOLDINGS LIMITED**  
and  
**CMI FINANCIAL HOLDING CORPORATION**

**SUBSCRIPTION AGREEMENT**

relating to

26,316,000,000 ordinary shares of China Seven Star Holdings Limited

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This Agreement is made on 18<sup>th</sup> June 2015 between:

- 1 **CHINA SEVEN STAR HOLDINGS LIMITED**, a limited liability company incorporated under the laws of Hong Kong, whose registered office is at Unit A02, 11th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (the "**Issuer**"); and
- 2 **CMI FINANCIAL HOLDING CORPORATION**, a limited liability company incorporated under the laws of British Virgin Islands, whose registered office is PO Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (the "**CMI**").

The Issuer and the Investors (as defined below) are collectively referred to herein as the "**Parties**" and each individually as, a "**Party**".

**Whereas:**

- (A) The Issuer is a company incorporated in Hong Kong and whose shares are listed and traded on The Stock Exchange of Hong Kong Limited. As at the date of this Agreement, the Issuer has 2,413,651,250 fully paid ordinary shares ("**Shares**") in issue. All of the issued Shares are currently listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").
- (B) The Issuer has agreed to issue, and the Investors have agreed to subscribe for a total of 26,316,000,000 Shares at the Subscription Price ("**Subscription Shares**") on and subject to the terms set out in this Agreement.
- (C) The proceeds of the Subscription Shares will be used by the Issuer for purposes mutually agreed by the Issuer and CMI.

**References to:**

- (i) a contract or document in this Agreement is to that contract or document as amended, novated, supplemented, restated or replaced from time to time;
- (ii) any person shall include its successors in title, permitted assigns and permitted transferees;
- (iii) any statute or statutory provision or stock exchange listing rules include: (a) that statute or provision or listing rules as from time to time modified, re-enacted or consolidated whether before or after the date of this agreement (except where any such modification, re-enactment or consolidation would otherwise increase the liability of any Party hereunder); and (b) any subordinate legislation made from time to time under that statute or statutory provision; and
- (iv) **Material Adverse Effect** means a material adverse effect (1) on the financial condition, prospects, results of operations, business, properties or general affairs of the Issuer and its Subsidiaries taken as a whole or (2) which could adversely affect the ability of the Issuer to perform its obligations under this Agreement or (3) which are otherwise material in the context of the issue and subscription of the Subscription Shares.

**1 Issue and Subscription**

- 1.1 **Agreement to Issue Subscription Shares:** Subject to the satisfaction (or waiver) of the Closing Conditions set forth in Clause 5, the Issuer agrees to issue to CMI and such other persons agreeable to both CMI and the Issuer (such other persons together with CMI, the "**Investors**") and/or any of their respective affiliates nominated by such Investor in writing the Subscription Shares at the Subscription Price (as defined below) per Subscription Share, free from any liens, charges, option, warrant, pre-emptive right, security interest or

third-party right whatsoever and adverse claims, and the Investors shall subscribe and pay for the Subscription Shares at the Subscription Price. The number of the Subscription Shares to be issued to each of the Investors under this Agreement shall be the following:

Investor	Number of Subscription Shares
CMI	20,418,000,000
Other Investors	5,898,000,000
Total	26,316,000,000

To become an Investor (other than CMI), such persons shall enter into a deed of accession in form substantially the same set out in Schedule 3 on or before 30 June 2015 provided that the aggregate number of Subscription Shares to be subscribed by such other Investors shall not exceed the number set out against "Other Investors" above. If no other Investor has entered into the deed of accession by 30 June 2015 or the other Investors have agreed to subscribe for a lower number of Subscription Shares than that set out above, CMI and/or the other Investors may (but shall not be obliged to) subscribe for such short fall of Subscription Shares. In any event, the Agreement shall be construed accordingly.

- 1.2 **Subscription at Closing:** Subject to the satisfaction (or waiver) of the Closing Conditions set forth in Clause 5, each of the Investors severally (and not jointly nor on a joint and several basis) agrees to subscribe and pay for, or procure subscriptions and payments for all the number of Subscription Shares set out opposite its name in sub-clause 1.1 at the Closing Date (as defined below) in accordance with the provisions of this Agreement.
  - 1.3 **Subscription Price:** The subscription price for the Subscription Shares (the "**Subscription Price**") shall be HK\$0.19 per Subscription Share.
  - 1.4 **Several obligations:** The obligations of the Investors to subscribe for the Subscription Shares and all other obligations under this Agreement shall be several (and not joint and several). The Parties agree that, in the event where any of the Investors (the "**Defaulting Investor**") fails to complete the subscription of the Subscription Shares, the other Investors (the "**Continuing Investors**") shall have the right to: (i) defer Closing by no longer than 7 Business Days; (ii) terminate this Agreement or; (iii) continue to complete the subscription of the Subscription Shares for which they have agreed to subscribe under this Agreement and, as a further right and only if so elected, to also subscribe for the Subscription Shares (whether in full or in part) not subscribed for by the Defaulting Investor. In the case where the Continuing Investors have elected (iii) above, the Issuer shall be obliged to issue such Subscription Shares to the Continuing Investors at Closing. Any of such Closing or termination of the Agreement shall be without prejudice to the rights the Issuer and/or the Continuing Investors have against the Defaulting Investor.
- 2 **Listing and Non-disposal undertaking**
    - 2.1 **Listing of Subscription Shares:** The Issuer shall make or cause to be made an application for the Subscription Shares to be listed on the Hong Kong Stock Exchange.
    - 2.2 **Non-disposal:** Each of the Investors undertakes to the Issuer that for a period of 6 months from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or

together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Subscription Shares or any interests therein beneficially owned or held by the Investor or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Subscription Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Issuer.

### **3 Representations, Warranties and Indemnity**

#### **3.1 Representations and warranties from the Issuer**

The Issuer represents and warrants to the Investors that:

**3.1.1 Incorporation:** (i) each of the Issuer and its Subsidiaries (as defined below) is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation, is not in liquidation or receivership, has full power and authority to own its properties and to conduct its business and is lawfully qualified to do business in those jurisdictions in which business is conducted by it; (ii) the constitutive documents of the Issuer and each Subsidiary of the Issuer comply with the requirements of applicable law in its jurisdiction of incorporation and are in full force and effect;

“**Subsidiary**” shall have the meaning given to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

**3.1.2 Validity of Contracts:** this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes valid and legally binding obligations of the Issuer enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally;

**3.1.3 Subscription Shares:** the Subscription Shares, when issued and delivered:

- (i) will be duly and validly issued, fully-paid and non-assessable;
- (ii) will rank *pari passu* and carry the same rights and privileges in all respects as any other class of ordinary share capital of the Issuer and shall be entitled to all dividends and other distributions declared, paid or made thereon; and
- (iii) will be freely transferable, free and clear of all liens, charges, encumbrances, security interests or claims of third parties;

**3.1.4 Pre-emptive Rights and Options:**

- (i) the issue of the Subscription Shares will not be subject to any pre-emptive or similar rights;

- (ii) except for the Issuer's existing share option scheme adopted on 9 December 2013 ("**Share Option Scheme**") and share options granted under the scheme option scheme adopted on 28 May 2004, there are no outstanding securities issued by the Issuer or its Subsidiaries convertible into or exchangeable for, or warrants, rights or options, or agreements to grant warrants, rights or options, to purchase or to subscribe for Shares from the Issuer or share from or of its Subsidiaries;
  - (iii) except for the Share Option Scheme and the Company's general mandate to issue securities granted by the shareholders of the Issuer at its annual general meetings, there are no other or similar arrangements approved by the board of directors or a general meeting of shareholders of the Issuer providing for the issue or purchase of shares or the subscription for Shares; and
  - (iv) except for the Share Option Scheme, no unissued share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option;
- 3.1.5 Restrictions:** there are no restrictions on the voting or transfer of any of the Shares or payments of dividends with respect to the Shares under Hong Kong laws or regulations, or pursuant to the Issuer or the Issuer's constitutional documents;
- 3.1.6 Capitalisation:**
  - (i) all the outstanding shares of capital stock or other equity interests of the Issuer and each Subsidiary of the Issuer have been duly and validly authorised and issued, are fully paid and non-assessable; and
  - (ii) all such equity interests are owned directly or indirectly by the Issuer and are free and clear of all liens, charges, encumbrances, security interests, restrictions on voting or transfer or claims of any third party;
- 3.1.7 No winding-up:** no winding up or liquidation proceedings have been commenced against the Issuer or any of its Subsidiaries, and no proceedings have been started for the purpose of, and no judgment has been rendered declaring that the Issuer or any of its respective Subsidiaries is bankrupt or is in an insolvency proceeding; none of the Issuer or any of its Subsidiaries has taken any action nor have any legal proceedings been started or, to the knowledge of the Issuer, threatened against any of them for it to enter into any arrangement or composition for the benefit of creditors, or for the appointment of a receiver, trustee, administrator or similar officer of any of them, or any of their respective Assets (as defined below), revenues or assets, and each of the Issuer and its Subsidiaries can pay its debts as and when they fall due for payment;
- 3.1.8 Listing:** all of the currently outstanding Shares have been, and the Subscription Shares will be, duly listed on the Hong Kong Stock Exchange;
- 3.1.9 Laws and Listing Rules:** the Issuer is in compliance with all applicable laws and the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange Listing Rules**") with respect to the Shares in all material respects and in particular, the Issuer is in compliance with its disclosure obligations under the Hong Kong Stock Exchange Listing Rules in all material respects;

- 3.1.10 Consents:** except as provided in the Agreement, no consent, clearance, approval, authorisation, order, registration or qualification of or with any court, governmental agency or regulatory body having jurisdiction over the Issuer or any other party is required and no other action or thing is required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) for the execution and delivery by the Issuer of the Agreement, the issue and delivery of the Subscription Shares, the carrying out of the other transactions contemplated by the Agreement or the compliance by the Issuer with the terms of the Agreement, as the case may be, except for (i) the publication of announcements and circular on the Hong Kong Stock Exchange, (ii) the shareholders' approval pursuant to Clause 5.1.7, (iii) the Hong Kong Stock Exchange having agreed to list the Subscription Shares, and (iv) the necessary consents and approvals in respect of any entity holding regulatory licence(s) in the Group pursuant to Clause 5.1.17;
- 3.1.11 Compliance:** the execution, delivery and performance of the Agreement, the issue, offer and delivery of the Subscription Shares, the carrying out of the other transactions contemplated by the Agreement and compliance with their terms do not:
- (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement would result in a default by the Issuer) under, (i) the documents constituting the Issuer, or (ii) any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Issuer is a party or by which any of its respective properties are bound or to which any of the property or assets of the Issuer is subject (collectively the **"Agreements and Instruments"**);
  - (ii) infringe or result in a breach of any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign, having jurisdiction over the Issuer or any of its respective properties;
  - (iii) infringe the rules of any stock exchange on which securities of the Issuer are listed;
  - (iv) require any approval or the sanction or consent of the shareholders of the Issuer (save as provided for in this Agreement); or
  - (v) result in the creation or imposition of any encumbrance or other restriction upon any assets of the Issuer;
- 3.1.12 Absence of Default and Conflicts:** neither the Issuer nor any member of the Group is in breach, violation of or in default (nor has any event occurred which, with the giving of notice or lapse of time or both would result in a default by the Issuer or any member of the Group) under (i) its constitutional documents, or any of the Agreements and Instruments, or (iii) any law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign having jurisdiction over the Issuer or any member of

the Group or any of their respective assets and properties, in any case in any material respects;

**3.1.13 No Debt Default:**

- (i) the Issuer is currently in compliance in all material respects with all financial covenants in its outstanding indebtedness and is not in breach or potential breach of any provision of such indebtedness in any material respects;
- (ii) each member of the Group (excluding the Issuer) is currently in compliance in all material respects with all financial covenants in its outstanding indebtedness and is not in breach or potential breach of any provision of such indebtedness;
- (iii) each member of the Group will not be in breach or potential breach of any provision of any material outstanding indebtedness following issuance of the Subscription Shares;

**3.1.14 Financial Statements:**

- (i) the consolidated audited financial statements of the Group as at and for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 and the interim financial statements of the Group as at and for the six months periods ended 30 June 2013 and 30 June 2014 ("**Financial Statements**") which are publicly available on the date hereof were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants and pursuant to the relevant laws of Hong Kong consistently applied and present a true and fair view of the financial position of the Group as at the dates, and the results of operations and changes in financial position of the Group for the periods in respect of which they have been prepared;
- (ii) since 31 December 2014, other than as disclosed in the Issuer's most recent annual report, most recent consolidated financials and announcements publicly disclosed by the Issuer, there has been no change (nor any development or event reasonably likely to involve a prospective change of which the Issuer is, or might reasonably be expected to be, aware) which has a Material Adverse Effect;
- (iii) as at the date of this Agreement and Closing Date, the Group does not have liabilities or debts exceeding HK\$38,000,000;

**3.1.15 Accounting Controls:** the Issuer maintains a system of internal accounting controls to provide reasonable assurances that:

- (i) transactions are executed and access to assets is permitted only in accordance with management's general or specific authorisations;
- (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with HKFRS and the relevant laws of Hong Kong and to maintain asset accountability;



- (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and
- (iv) notifiable transactions, connected transactions and any other transactions, discloseable interests, irregularities or matters are readily identified and reported to management of the Group and any regulatory bodies as and when required in accordance with the applicable laws including the Hong Kong Stock Exchange Listing Rules, The Codes on Takeovers and Mergers ("**Takeovers Code**"), the Securities and Futures Ordinance (Chapter 571 of Hong Kong) ("**SFO**") and the Companies Ordinance;

**3.1.16 Contingent Liabilities:** to the knowledge of the Issuer, there are no outstanding guarantees or contingent payment obligations of the Group in respect of indebtedness of third parties except as disclosed in the Financial Statements or the notes thereto; each member of the Group is in compliance with all of its obligations under any outstanding guarantees or contingent payment obligations;

**3.1.17 Off-balance Sheet Arrangements:** there are no off-balance sheet transactions, arrangements and obligations, and the Issuer does not have any relationships with unconsolidated entities that are contractually limited to activities that facilitate the transfer of or access to assets by the Issuer, such as structured finance entities and special purpose entities;

**3.1.18 Auditors:** the auditors who audited the financial statements of the Issuer and the notes thereto and delivered an audit report thereon are independent reporting accountants with respect to the Issuer as described in the audit report;

**3.1.19 Title:**

- (i) the Issuer and each member of the Group has good, legal and valid title to all real property, personal property and any other assets owned by it (including such property or assets to be described in the Financial Statements) or any rights or interests thereto, in each case as is necessary to conduct the business now operated by it ("**Assets**"); and
- (ii) there are no charges, liens, encumbrances or other security interests or third party rights or interests, conditions, planning consents, orders, regulations, defects or other restrictions affecting any of such Assets which could have a material adverse effect on the value of such Assets, or limit, restrict or otherwise have a material adverse effect on the ability of the relevant member of the Group to utilise or develop any such Assets and, where any such Assets are held under lease, each lease is a legal, valid, subsisting and enforceable lease and no default of either the Issuer or any other member of the Group has occurred and is continuing under any such lease, unless such charges, liens, encumbrances or security interests have been disclosed in the Financial Statements;

**3.1.20 Approvals:**

- (i) the Issuer and each member of the Group possesses adequate certificates, authorisations, licences, orders, consents, approvals or permits ("**Approvals**") issued by, and has made all declarations and filings with, all appropriate national, state, local and other governmental agencies or

bodies, all exchanges and all courts and other tribunals, domestic or foreign ("**Filings**"), necessary to own or lease, as the case may be, and to operate its properties and to conduct the business now operated by them, and is not aware, having made all due and proper enquiries, of any failure to obtain any Approvals or make any Filing;

- (ii) all of the Approvals are valid and in full force and effect; and
- (iii) neither the Issuer nor any member of the Group has received any notice of proceedings relating to the revocation or modification of any such Approvals or is otherwise aware that any such revocation or modification is contemplated or threatened, and, to the best knowledge and belief of the directors of the Issuer; and
- (iv) based on the representations made by the respective sellers of the Targets and to the knowledge of the Issuer, in relation to the Targets (as defined below), they together possess valid licences (the "**SFC Licences**") to conduct Type 1, Type 4 and Type 9 regulated activities (such terms as defined in the SFO) issued by the Securities and Futures Commission ("**SFC**") and, to the knowledge of the Issuer, there does not exist any investigation by the SFC that would result in any order, decision or sanction being imposed on the Targets that would in any way restrict or suspend the regulated activities or suspend the regulated activities or businesses operated by the Targets or revocation, suspension, variation or the imposition of additional conditions on any of the SFC Licences held by the Targets;

3.1.21 Based on the representations made by the respective sellers of the Targets and to the knowledge of the Issuer, the Targets have complied in all material respects all requirement, applicable to them under the SFO and all mandatory codes and guidelines promulgated by the SFC, and have implemented such internal controls, internal guidelines and structures that are required by the SFO and all mandatory codes and guidelines promulgated by the SFC.

**3.1.22 Taxes and Assessments:**

- (i) all returns, reports or filings which ought to have been made by or in respect of the Issuer and each member of the Group for taxation purposes have been made and all such returns are materially correct and on a proper basis and are not the subject of any dispute with the relevant revenue or other appropriate authorities and to the knowledge of the Issuer do not reveal any circumstances likely to give rise to any such dispute and the provisions, charges, accruals and reserves included in the financial statements are sufficient to cover all taxation of the Issuer and each member of the Group existing in all accounting periods ended on or before the accounting reference date to which the financial statements relate whether payable then or at any time thereafter. Save as otherwise disclosed in the Financial Statements, no liability for tax which has not been provided for in the financial statements of the Issuer or any member of the Group has arisen or has been asserted by the tax authorities against the Issuer or any member of the Group;

- (ii) the Issuer and each member of the Group has duly and in a timely manner paid all taxes that have become due, including, without limitation, all taxes reflected in the tax returns referred to in sub-clause (i) above, or any assessment, proposed assessment, or notice, either formal or informal, received by the relevant member of the Group;

**3.1.23 Taxes/Duties:** no tax or duty (including any stamp or issuance or transfer tax, duty or any service tax and any tax or duty on capital gains or income, whether chargeable on a withholding basis or otherwise) is assessable or payable in, and no withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature is imposed or made for or on account of any income, registration, transfer, service or turnover taxes, customs or other duties or taxes of any kind, levied, collected, withheld or assessed by or within, Hong Kong, or any other relevant jurisdiction or by any sub-division of or authority therein or thereof having power to tax, in connection with the execution or delivery of any of the Agreement, the performance of the obligations thereunder (including, without limitation, issuance of the Subscription Shares);

**3.1.24 Litigation:** Save as publicly disclosed, there are no material legal, governmental, judicial or stock exchange proceedings or arbitrations outstanding or ongoing against the Issuer, any of its Subsidiaries or any of their respective directors and officers is a party or to which any of the properties of the Issuer or any of its Subsidiaries is subject and, to the knowledge of the Issuer, no such proceedings or arbitrations against such persons has been threatened;

**3.1.25 Investigation:** To the knowledge of the Issuer, there are no police, legal, governmental or regulatory investigations nor any pending actions, suits or proceedings against or affecting the Issuer or any member of the Group or any of their respective executive directors, officers and material properties and, to the Issuer's knowledge (after due and careful enquiry), no such investigations, actions, suits or proceedings are threatened or contemplated;

**3.1.26 Insurance:** each of the Issuer and its Subsidiaries is insured by reputable insurers against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; all such policies are in full force and effect; the Issuer and its Subsidiaries are in compliance with the terms of such policies and instruments in all material respects; there are no claims by the Issuer or any of its Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and neither the Issuer nor any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business;

**3.1.27 Intellectual Property:** the Issuer and each member of the Group owns or possesses, or can acquire on reasonable terms, adequate patents, patent rights, licences, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "**Intellectual Property**") necessary to carry on the business now operated by it in each country in which it operates, and neither the Issuer nor any member of the Group has received any notice or is otherwise aware of any

infringement of or conflict in any jurisdiction with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Issuer or any member of the Group therein; the equipment and systems used by each member of the Group (including all hardware, software data bases and data) are sufficient and appropriate for the operation of each member of the Group's business and are free from defects;

**3.1.28 Labour Disputes:** no material labour dispute with the employees of the Group exists or, to the knowledge of the Issuer, is imminent or outstanding. The Issuer is not aware of any existing or imminent labour disturbance by the employees of any of its principal suppliers, manufacturers or contractors;

**3.1.29 Information:** all information supplied or disclosed in writing or orally including, without limitation, the answers and documents provided at due diligence meetings (and any new or additional information serving to update or amend such information supplied or disclosed in writing by the Issuer to the Investors or the legal and other professional advisers to the Investors) is in every material particular true and accurate in all material respects and not misleading in any material respect and all forecasts, opinions and estimates relating to the Issuer and each member of the Group so supplied or disclosed have been made after due, careful and proper consideration, are based on reasonable assumptions and represent reasonable and fair expectations honestly held based on facts known to such persons (or any of them); there has been no development or occurrence relating to the financial or business condition or prospects, results of operations, business or properties of the Issuer or any member of the Group (including, without limitation, with respect to any corporate event, acquisition, disposal or related matter) which is not in the public domain and which would reasonably be expected to be material to potential purchasers of Subscription Shares; and the Issuer has disclosed all material information regarding the financial or business condition of the Group, which is relevant and material in relation to the Group, in the context of the issue, offering and sale of the Subscription Shares and there is not in existence any undisclosed material or information relating to the Issuer or the Group which is required to be disclosed by the Issuer under the Hong Kong Stock Exchange Listing Rules or the disclosure of which would have a material effect on the trading price of the Shares; the Issuer has not been and is not at any time engaged in insider dealing in connection with the issue of the Subscription Shares and the related transactions entered into or to be entered into pursuant to this Agreement;

**3.1.30 No Equity Repurchase:** None of the Issuer or the Subsidiaries has made any repurchases of Shares (as defined in the Hong Kong Stock Exchange Listing Rule 10.06(6)(c)) or any equity-linked securities in the 30 day period prior to the date of this Agreement;

**3.1.31 Relevant Public Information:**

- (i) there is no information relating to the Group which any member of the Group is required or obliged to publish or make available to the public (including under applicable listing requirements), whether to correct a misleading impression or otherwise to avoid behaviour which would constitute market misconduct (within the meaning of the SFO which has not been published; and

- (ii) the Issuer and its respective directors or officers are not aware of any non-public fact or circumstance that, if made public, could be expected to have a material effect upon the market price of the Subscription Shares or a material effect on the market price of its Shares, or would otherwise constitute inside information pursuant to section XIVA of the SFO;

**3.1.32 Announcements:** with respect to all the announcements issued by the Issuer (i) all statements contained therein were in every material particular true and accurate in all material respects and not misleading in any material respect; (ii) all opinions and intentions expressed in them were honestly held, were reached after considering all relevant circumstances and were based on reasonable assumptions; and (iii) there were no other facts omitted so as to make any such statement or expression in any of the announcements misleading;

**3.1.33 Related party transactions:** except as disclosed in the Financial Statements, no material indebtedness (actual or contingent), material contract or arrangement is outstanding between the Issuer or any other member of the Group and any director or executive officer of the Issuer or any other member of the Group. There are no material relationships or transactions between the Issuer or any other member of the Group on the one hand and its connected persons (such term as defined in the Hong Kong Stock Exchange Listing Rules) on the other hand which has not been disclosed in the Financial Statements;

**3.1.34 Anti-corruption, Anti-money Laundering:**

- (i) None of (i) the Issuer or any other members of the Group, (ii) nor to the knowledge of the Issuer any director, officer, employee, agent, representative or other person acting on behalf of the Issuer, or any other members of the Group, is aware of or has taken or will take any action, directly or indirectly, that would result in a violation by such persons of:
  - (a) any provision of applicable anti-bribery or anti-corruption laws of the PRC and Hong Kong or any other jurisdiction in which the Issuer or any member of the Group conducts its business or operations, and, to the knowledge of the Issuer, its affiliates have instituted and maintain and will continue to maintain policies and procedures reasonably designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith;
- (ii) The operations of the Issuer and the other members of the Group are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of all applicable anti-money laundering statutes enforced in all applicable jurisdictions where the Issuer and the other members of the Group conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Issuer or any other members of the Group with respect to the Anti-Money Laundering Laws is outstanding or ongoing or, to the knowledge of the Issuer, threatened;

- 3.1.35 **Use of Proceeds:** The application of the net proceeds from the issue of the Subscription Shares will not, whether with or without the giving of notice or passage of time or both, (x) contravene (i) any provision of applicable law, rule or regulation or the provisions of the articles of association, by-laws or other constituent documents of the Issuer or any of its Subsidiaries, (ii) any agreement or other instrument binding upon the Issuer or any of its Subsidiaries or (iii) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Issuer or any of its Subsidiaries, or (v) result in the conflict with, breach or violation of, or imposition of any liens, charges or encumbrances upon any property or assets of the Issuer or any of its Subsidiaries;
- 3.1.36 **Dividends:** Each of the Subsidiaries of the Issuer (if any) which the Issuer is relying on to fund its financial obligations is not currently prohibited, directly or indirectly, from paying any dividends to the Issuer, from repaying to the Issuer any loans or advances to such Subsidiary from the Issuer; and
- 3.1.37 **Material Obligations:** Save as disclosed in writing to the Investors prior to the date of this Agreement, no member of the Group has any agreement subsisting or which remain to be binding on a member of the Group under which the Group is obliged to, on or after the date of this Agreement, pay for whatever purpose or reason an amount exceeding HK\$1,000,000 (whether individually or in aggregate in any given 12 month period) or has a duration or term that exceeds one year from the date of this Agreement.
- 3.2 **Repetition:** The representations and warranties contained in, or given pursuant to, Clause 3.1 shall be deemed to have been repeated at the Closing.

### 3.3 Representations and warranties from the Investors

Each of the Investors hereby severally warrants and represents to the Issuer that each of the warranties set out in this Clause 3.3 is accurate and not misleading as at the date of this Agreement and as at the Closing:

- 3.3.1 the Investor is duly incorporated and is validly existing under the laws of the place of its incorporation and has the full capacity, power and authority to execute, deliver, enter into and perform its obligations under this Agreement;
- 3.3.2 the execution, delivery, entering into and performance of this Agreement has been duly authorised by the Investor, and this Agreement constitutes legal, valid and binding obligations of the Investor, enforceable in accordance with its terms; 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;
- 3.3.3 all corporate power and authority required by the Investor to execute and perform its obligations under this Agreement has been validly obtained and are unconditional and in full force and effect; and

- 3.3.4 the Investors are not connected persons (such term as defined in the Hong Kong Stock Exchange Listing Rules) of the Issuer or acting in concert with any of the substantial shareholder of the Company.

### **3.4 Investors' confirmation**

The Investors severally acknowledges and confirms that:

- 3.4.1 it shall accept the Subscription Shares subject to the articles of association of the Issuer;
- 3.4.2 it shall have no right or remedy in respect of, and shall not in connection with any claim arising in relation to this Agreement or its subject matter, plead or assert the making or existence of, any representation, warranty, promise or assurance by any of the directors or employees of the Issuer; and
- 3.4.3 if all of the Closing Conditions set out in Clause 5.1 have been fulfilled (or waived if permitted under the Agreement) before the Long Stop Date, subject to the Issuer having complied with its other obligations under this Agreement, the Investors shall be obliged to close the subscription of the Subscription Shares in accordance with Clause 6.2 and if any of the Investors fail to so close the subscription, the defaulting shall, on a several basis, be liable to the Issuer and other Continuing Investors for damages.

### **3.5 Indemnity**

The Issuer undertakes to the Investors that if any of the Investors or any of its Related Parties (as defined below) incurs any Loss arising out of, in connection with or based on:

- 3.5.1 any inaccuracy of any representation and warranty by any of the Issuer in this Agreement (on the date of this Agreement or on any date when it is deemed to be repeated);
- 3.5.2 any breach by any of the Issuer of any of its representations, warranties, undertakings in or agreements contained in, or deemed to be made pursuant to, this Agreement;
- 3.5.3 the issue and publication of any documentation relating to the issue of the Subscription Shares; or
- 3.5.4 the failure by the Issuer or any member of the Group or any of their respective directors or officers to comply with any requirements of statute or regulation in relation to the issuance of the Subscription Shares,

the Issuer shall pay to the Investors on demand an amount equal to such Loss on an after tax basis. The Investors shall not have any duty or other obligation, whether as fiduciary or trustee for any of its Related Parties or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause 3.5. This indemnity is in addition to any other remedies that the Investors may have.

In this Clause 3.5:

"Loss" means any liability, damages, cost, claim, loss or expense (including without limitation, legal fees, costs and expenses and any value added tax thereon); and

"**Related Party**" means, in respect of any person, any affiliate of that person or any officer, director or employee of that person or any such affiliate or any person by whom any of them is controlled.

#### **4 Issuer's Undertakings**

##### **4.1 The Issuer undertakes to the Investor that:**

###### **4.1.1 Taxes:** the Issuer will pay to the extent applicable to the Issuer:

- (i) any stamp, issue, registration, documentary or other taxes and duties, including interest and penalties in Hong Kong, USA, the PRC or the British Virgin Islands and all other relevant jurisdictions payable on or in connection with the issue of the Subscription Shares or the execution or delivery of the Agreement; and
- (ii) in addition to any amount payable by it under this Agreement, any value added, service, turnover or similar tax payable in respect thereof in Hong Kong (and references in this Agreement to such amount shall be deemed to include any such taxes so payable in addition to it);

###### **4.1.2 Warranties:** the Issuer will forthwith notify the Investors if at any time prior to the Closing Date anything occurs which renders or may render untrue or incorrect in any respect any of its representations, warranties, agreements and indemnities herein and will forthwith take such steps as the Investors may reasonably require to remedy and/or publicise the fact;

###### **4.1.3 Lock-up:** neither the Issuer nor any person acting on its or their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Shares or securities of the same class as the Shares or other instruments representing interests in the Shares or other securities of the same class as them (including any options issued under the Share Option Scheme), (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Investors between the date hereof and the date of the Closing (both dates inclusive); except for (i) the Subscription Shares and, (ii) the Shares issued on exercise of the options granted under the Share Option Scheme prior to the date of this Agreement;

###### **4.1.4 Approvals and Filings:** the Issuer shall use its best endeavors to obtain all approvals and consents and promptly make all notifications, registrations and filings as may from time to time be required in relation to the issue of the Subscription Shares;

###### **4.1.5 Announcements:** between the date hereof and the Closing (both dates inclusive),



the Issuer will, and will cause its Subsidiaries and all other parties acting on its or their behalf to notify and consult the Investors (unless prevented by applicable law or regulations) prior to issuing any announcement or press release or initiate any press conference concerning, or which could be material in the context of, the issue of the Subscription Shares, and shall take into account such requests as the Investors shall reasonably make with respect to such announcements;

- 4.1.6 **Information:** to the extent permitted by applicable laws, rules and regulations, the Issuer will, as soon as reasonably practicable, provide the Investors, upon reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group or otherwise as may be reasonably required by the Investors in connection with the offer and sale of the Subscription Shares for the purpose of complying with any applicable law, rule, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the SFC or any other applicable regulatory body. In addition, the Issuer will, as soon as reasonably practicable, provide the Investors all records (including proxy forms and voting forms) relating to the voting by the shareholders referred to in sub-clause 5.1.7;
- 4.1.7 **No Further Issue of Share Option Scheme Post-Completion:** after and subject to the Closing taking place, the Issuer undertakes that there should be no further issuance under the Share Option Scheme after the Closing.

## **5 Closing Conditions**

- 5.1 **Closing Conditions:** The obligations of the Investors to subscribe and pay for, and the obligations of the Issuer to issue, the Subscription Shares are subject to the fulfilment, prior to or simultaneously at the Closing of the following conditions to the satisfaction of the Investors:

- 5.1.1 **Compliance:** at the Closing:
- (i) the representations and warranties of the Issuer in this Agreement being true, accurate and correct in all respects and not misleading in any respect at, and as if made on, such date; and
  - (ii) the Issuer having performed all of its obligations and undertakings under this Agreement to be performed on or before such date;
- 5.1.2 **Listing:** the Hong Kong Stock Exchange having given its approval for the listing and trading of the Subscription Shares and such approval not having been subsequently revoked, withdrawn or cancelled;
- 5.1.3 **Material Adverse Change:** up to the Closing, there shall not have occurred any change (nor any development or event involving a prospective change), which is materially adverse to the condition (financial or other), prospects, results of operations or general affairs of any of the Issuer or its Subsidiaries (the Issuer and its Subsidiaries collectively referred to as the "Group" or "Group Companies" and each a "Group Company");
- 5.1.4 **No Default:** at the Closing, none of the Issuer or any other Group Companies is in breach of or in default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement would

result in a default by the Issuer or any other Group Companies) under the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or to which their respective assets are bound;

- 5.1.5 **No Restrictions or Prohibitions:** no order, judgment, restrictions or decisions having been made, promulgated or adopted by judicial or governmental authority or regulatory authority to restrict or prohibit the transactions contemplated under the Agreement;
- 5.1.6 **No Proceedings:** no proceedings having been initiated or threatened by third parties with any judicial or governmental authority in any jurisdiction to restrict or prohibit the transactions under the Agreement, declare the transaction contemplated herein illegal or seek for a remedy of a material nature;
- 5.1.7 **Shareholders' Approval:** the passing at an extraordinary general meeting of the Issuer of resolutions approving the Agreement and the transactions contemplated thereunder, the granting of a specific mandate to the directors of the Issuer to allot and issue the Subscription Shares and the whitewash waiver pursuant to Note 1 to the Notes on dispensation from Rule 26 of the Takeovers Code waiving any obligation on CML, the Permitted CML Assignee and parties acting in concert with it to make a mandatory general offer for all the securities of the Issuer not already owned or agreed to be acquired by it and parties acting in concert with it which would otherwise arise under Rule 26.1 of the Takeovers Code upon subscription of the Subscription Shares (the "**Whitewash Waiver**");
- 5.1.8 **Whitewash Waiver:** The SFC having granted the Whitewash Waiver in favour of CML, the Permitted CML Assignee or parties acting in concert with it and any conditions stipulated thereon having been fulfilled to the extent that such conditions are capable of being fulfilled before Closing;
- 5.1.9 **Other Consents:** there shall have been delivered to the Investors copies of all consents and approvals required under agreements to which any member of the Group is a party on the part of the Issuer in relation to the issue of the Subscription Shares and all the transactions contemplated under the Agreement or a written confirmation signed by a director of the Issuer that none is required, in each case in form and substance reasonably satisfactory to the Investors (including, without limitation, approval by the Issuer's board of directors, shareholders and any relevant governmental or regulatory authorities);
- 5.1.10 **Legal Opinions:** there having been delivered to the Investors opinions, in form and substance reasonably satisfactory to the Investors, dated the date of the Closing of, Hong Kong legal counsel of the Issuer, to be agreed by the parties as to the law of Hong Kong;
- 5.1.11 **Director's Closing Certificate:** A director or the chief executive director of the Issuer having delivered a written confirmation, in the form attached as Schedule 1 on or before the Closing;
- 5.1.12 **Necessary Approval from Regulatory Bodies:** on or prior to the Closing, there shall have been delivered to the Investors copies of all necessary consents and approvals from competent regulatory bodies and other governmental agencies and

for the transaction contemplated in the Agreement or a written confirmation signed by a director of the Issuer that none is required;

- 5.1.13 **Licenses:** The licences issued by the SFC under the SFO to the Targets remaining valid and effective, and no additional conditions, restrictions or suspension have been imposed on any of such licences or any of the approved regulated activities approved to be conducted by the Targets;
  - 5.1.14 **The Acquisition:** the sale and purchase agreements (the "SPAs") entered into by member(s) of the Group, as purchasers for the purchase of all of the issued shares in Yuan Asset Management Limited and YGD Securities (HK) Limited (collectively, the "Targets") having become unconditional in all respects and, if required by the Hong Kong Stock Exchange Listing Rules, the shareholders of the Issuer having approved at an extraordinary general meeting or, if permitted by the Hong Kong Listing Rules, by way of a written resolution or certificate, the SPAs and the transactions contemplated thereunder;
  - 5.1.15 **Satisfactory Due Diligence:** CMI having completed and, in its sole discretion, been satisfied with the results and findings of due diligence investigations over the business, financial, liabilities, legal and other aspects of the Issuer, its Subsidiaries and the Targets;
  - 5.1.16 **Name Change:** the passing at an extraordinary general meeting of the Issuer of a special resolution approving the change of the Issuer's name to such name as notified by CMI to the Issuer in writing and the Register of the Companies of Hong Kong having issued a Certificate of Change of Name to the Issuer reflecting the above change of name;
  - 5.1.17 **SFC Approval:** The SFC having granted its approval for the Investors which will be regarded as substantial shareholder(s) (as defined under Schedule 1 to the Securities and Futures Ordinance ("SFO") as a result of the transactions contemplated hereunder to become a substantial shareholder (as defined in the SFO) of the Targets under section 132 of the SFO; and
  - 5.1.18 **NDRC Filing:** CMI, the Permitted CMI Assignee and/or their respective controlling shareholder having made the necessary filing with (or obtained the necessary approval from) the National Development and Reform Commission of The People's Republic of China in relation to the entering by CMI of this Agreement and the consummation by CMI of the transactions contemplated hereunder.
- 5.2 **Fulfilment:** The Issuer shall use its best endeavours to ensure the fulfilment of the conditions set out in Clause 5.1.1 to 5.1.16 and the conditions under the SPA as soon as reasonably practicable.
- 5.3 **Waiver:** CMI may, at its sole discretion and upon such terms as it thinks fit, for itself or on behalf of all of the other Investors waive compliance with the whole or any part of this Clause 5 (other than conditions in sub-clauses 5.1.2, 5.1.7, 5.1.17 and 5.1.18 are not waivable).
- 5.4 **Lapses:** If the Closing Conditions have not been satisfied (or waived where permitted) by 31 December 2015 or such other time as the parties may otherwise agree (the "Long Stop Date"), the obligations of the Investors to subscribe for, and the Issuer to allot and issue, the Subscription Shares under this Agreement shall become null and void save for any antecedent breaches by any party.

## **6 Closing**

**6.1 Issue of the Subscription Shares:** At 10:00am (Hong Kong time) (or such other time as may be agreed by the Issuer and the Investors) on the third business day (as defined below) after the Closing Conditions have all been satisfied (or, where applicable, waived by the Investors) and subject to the purchase of all of the issued shares of the Targets under the SPAs having been completed or completing of the same time (the "**Closing Date**"), the Issuer will issue the Subscription Shares to the Investors and/or any of its affiliates nominated (prior notification be given to the Issuer ) by it (the "**Closing**") and perform the following Closing obligations:

6.1.1 In respect of the Subscription Shares, the Issuer shall duly allot and issue to the Investors (and/or any of its affiliates nominated by it) the Subscription Shares and shall promptly register without registration fee the Investors (and/or any of its affiliates nominated by it) as members in respect of the Subscription Shares; and at the option of the Investors, either (i) deliver to the Investors (and/or any of its affiliates nominated by it) the certificate in respect of the Subscription Shares in such denominations as the Investors may designate in writing in favour of the Investors (and/or any of its affiliates nominated by it) or (ii) deposit the same into the account of a relevant participant of the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited (CCASS) with whom the Investors (and/or any of its affiliates nominated by it) has accounts in accordance with the Investors' instructions.

6.1.2 The Issuer shall:

- (i) cause 8 individuals as CMI may nominate as least five business days prior to the Closing Date to be validly appointed (by procuring the necessary board resolutions of the Company to be duly passed by the Closing Date approving the same) as directors of the Company, and as directors of such other members of the Group as may be notified by the CMI to the Issuer in writing at least five business days prior to the Closing Date, with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code or by the SFC;
- (ii) if required by CMI, cause the office of the existing 6 directors of the Issuer and of such other members of the Group to resign as directors of the Issuer and of such other members of the Group as soon as practicable and in each case subject to any contractual agreement between such persons and the relevant member of the Group; and
- (iii) procure, with effect from the effective date of the changes referred to in sub-clause 6.1.2(i), the revocation of all authorities to the bankers of each member of the Group relating to bank accounts and procure the giving of authority to such persons as CMI may nominate at least five business days prior to the Closing Date to operate the same.

**6.2 Payment:** Against compliance by the Issuer of its obligations set out in Clause 6.1, the Investors will pay or cause to be paid to the Issuer an amount equal to the aggregate amount payable for the Subscription Shares calculated at the Subscription Price. The Investors will deliver to the Issuer a copy of the irrevocable wire instruction (and shall procure that the bank through which such payment is made send to the Issuer confirmation (via SWIFT message or facsimile transmission) that it has received such irrevocable wire

instruction) to pay an amount equal to the Subscription Price in Hong Kong dollars in same day settlement funds for value on the date of the Closing to such account maintained by the Issuer in a bank in Hong Kong as shall be notified by the Issuer to the Investor not later than three business days prior to the date of the Closing, or such other time as shall be agreed between the Issuer and the Investor. "**Business day**" means a day on which banks are open for business in Hong Kong.

- 6.3 CMI Signatory:** By the Closing Date, the Issuer should appoint or procure to be appointed such person as CMI may nominate at least five business days prior to the Closing Date (the "**CMI Signatory**") as a signatory to the bank account to which the payment for the Subscription Shares are to be paid referred in sub-clause 6.2. Any withdrawal of any amount from such bank account before all appointments and resignations in sub-clauses 6.1.2(i) and 6.1.2(ii) taking effect ("**Appointment Effective Date**") should be subject to prior approval by the CMI Signatory.

## **7 Conduct of Business Before Closing**

- 7.1 Normal Course:** Pending Closing the Issuer shall procure that each Group Company continues to carry on business in the normal course in compliance with all laws and regulations applicable to it and in substantially the same manner as its businesses have been carried on before the date of this Agreement, so as to maintain each such business as a going concern and with a view to profit. The Issuer shall ensure that all of its obligations under the SPAs shall be complied with and shall not agree to any termination of the SPAs or amendment to the terms of the SPAs.
- 7.2 Protection of Business and Assets:** Pending Closing the Issuer shall procure that each Group Company takes all reasonable steps to preserve and protect its business and assets and the Issuer shall notify the Investors in writing promptly of any adverse change in such business or assets.
- 7.3 Schedule:** The Issuer shall ensure that neither it nor any Group Company will do any of the matters set out in Schedule 2 and, pending Closing, the Issuer shall notify the Purchaser immediately of any matter, circumstance, act or omission which is or may be a breach of Schedule 2.

## **8 Expenses and Payments**

- 8.1 General Expenses:** The Issuer is responsible for paying the (i) fees and expenses of the legal, accountancy and other professional advisers instructed by the Issuer in connection with the negotiation and preparation of this Agreement; (ii) fees and expenses of the listing of the Subscription Shares on the Hong Kong Stock Exchange, (iii) all levies, duties, fees and expenses in relation to the issue of the Subscription Shares; (iv) fees payable to the SFC in relation to the whitewash waiver application and the consents and approvals contemplated in Clause 5.1.17.

## **9 Survival of Representations and Obligations**

The representations, warranties, agreements, undertakings and indemnities in Clause 3 of this Agreement shall continue in full force and effect despite completion of the arrangements for the subscription and issue of the Subscription Shares or any investigation made by or on behalf of the Investors.

## **10 Communications**

- 10.1 Addressees:** Any communication shall be given by letter or fax. Any notice issued under or relating to this Agreement to the Parties may be sent to the following addresses and fax numbers:

### Issuer

Address: Unit A02, 11th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong

Fax no.: 2596-0223

Attention: Mr. Manson Wong

### CMI

Address: 23/F The Bund International Plaza, 100 South Zhongshan Street, Shanghai, China

Attention: Mr. Liu Tianlin

- 10.2 Effectiveness:** Any such communication shall take effect, in the case of a letter, at the time of delivery, and in the case of fax, at the time of despatch.

- 10.3 Confirmations:** Any communication not by letter shall be confirmed by letter but failure to send or receive the letter of confirmation shall not invalidate the original communication.

## **11 Assignment**

No Party may assign any of its rights or delegate or transfer any of its obligations under this Agreement without the prior written consent of the other party to this Agreement, except that CMI shall be entitled to, by giving notice in writing to the Issuer, designate any of its subsidiaries or fellow subsidiaries (the "**Permitted CMI Assignee**") to subscribe and pay for the Subscription Shares instead of CMI and to assign CMI's rights, benefits and obligations to the Permitted CMI Assignee. If CMI exercises its right to so designate the Permitted CMI Assignee, references in this Agreement to "CMI" shall be construed as a reference to the "Permitted CMI Assignee".

## **12 Entire Agreement**

This Agreement, together with any documents referred to in it, constitutes the whole agreement between the parties relating to the issue of and the subscription for the Subscription Shares and supersedes and extinguishes any other prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to the issue of and the subscription for the Subscription Shares.

## **13 Announcement**

Save for the announcement and circular required under the Hong Kong Stock Exchange Listing Rules or otherwise required by law or by the Stock Exchange or the SFC, the Issuer hereby undertakes to procure that no public announcement or communication to the press or to the Stock Exchange concerning the transaction contemplated under this Agreement, the Issuer or the Group which is material in relation to the issue of the Subscription Shares shall be made by or on behalf of the Issuer between the date hereof and seven days after the Closing Date without prior written approval from the Investors (not to be unreasonably withheld or delayed) as to the content, timing and manner of making thereof.

## **14 Miscellaneous**

In this Agreement where any provision requires or contemplates the giving of notice, consent or waiver by the Investors, the Investors authorise and agree that CMI shall be given the full authority to, at its own and sole discretion, to give such notice, consent or waiver as it deems fit for itself and on behalf of each of the other Investors. The parties agree that any of such notice, consent or waiver given by CMI shall constitute the valid giving of such notice, consent or waiver by all of the Investors and such notice, consent or waiver given by CMI shall be binding on the other Investors.

## **15 Governing Law and Jurisdiction**

**15.1 Governing law:** This Agreement, as to which time shall be of the essence, and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with Hong Kong law.

### **15.2 Jurisdiction:**

**15.2.1** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Investors and shall not limit the right of it to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**15.2.2** CMI hereby appoints Wider Treasure Limited, a limited private company incorporated under the laws of the Hong Kong and having its registered office at C1, 7th Floor, Kin On Commercial Building, 49-51 Jervois Street, Sheung Wan, Hong Kong to be its process agent to receive process by which any legal proceedings in Hong Kong are begun on CMI. If the above process agent ceases to have a place of business in Hong Kong, CMI shall forthwith appoint a further person in Hong Kong to accept service of process on its behalf in Hong Kong and notify the Issuer of such appointment, nothing contained herein shall affect the right to serve process in any other manner permitted by law.

## **16 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

**SCHEDULE 1**  
**DIRECTOR'S CLOSING CERTIFICATE**

To: [•]

[•] 2015

Dear Sirs

**Subscription Agreement relating to Subscription of [•] Ordinary Shares of China Seven Star Holdings Limited**

Pursuant to the Subscription Agreement dated [•] (the "Agreement") made between China Seven Star Holdings Limited (the "Issuer") and yourselves as Investors, I hereby confirm, on behalf of the Issuer, that as at today's date:

- a) the representations and warranties of the Issuer set forth in the Agreement are true, accurate and correct in all respects and not misleading in any respect at, and as if made on, today's date;
- b) the Issuer has performed all of its obligations under the Agreement to be performed on or before today's date;
- c) there has been no change (nor any development or event involving a prospective change) which is materially adverse to the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group (as defined in the Agreement) taken as a whole; and
- d) none of the Issuer or the other Group Companies is in breach of or in default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfillment of any other requirement would result in a default by any of the Issuer or the other Group Companies) under the terms of:
  - (i) any indenture, contract, lease, mortgage, deed of trust or other agreement, obligation, condition, covenant or instrument other than any breach or default; or
  - (ii) any note agreement, loan agreement or loan facility,

to which the Issuer or any other Group Companies is a party or to which their respective assets are bound which would not cause a Material Adverse Effect (as defined in the Agreement).

Yours faithfully

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[Director / Chief Executive Officer]

China Seven Star Holdings Limited



## **SCHEDULE 2**

### **CONDUCT OF BUSINESS BEFORE CLOSING**

Without prejudice to Clauses 7.1 and 7.2, pending Closing the Issuer shall procure that, without the prior written consent of the Investors, no Group Company shall:

1. create, allot or issue any shares or agree, arrange or undertake to do any of those things;
2. give or agree to give any option, right to acquire or call (whether by conversion, subscription or otherwise) in respect of any of its share or loan capital;
3. save as otherwise provided for in this Agreement, acquire or agree to acquire an interest in a corporate body or merge or consolidate with a corporate body or any other person, enter into any demerger transaction or participate in any other type of corporate reconstruction;
4. save as otherwise provided for in this Agreement, acquire or dispose of, or agree to acquire or dispose of, any material assets, businesses or undertakings or any material revenues or assume or incur, or agree to assume or incur, any material liability, obligation or expense (actual or contingent);
5. pass any resolution by its members in general meeting or make any alteration to its articles of association;
6. declare, make or pay any dividend or other distribution;
7. save as otherwise provided for in this Agreement, enter into any contract, liability or commitment which is incapable of being terminated within 3 months or could involve expenditure or liability which is of a material nature exceeds HK\$500,000;
8. create, grant or allow to subsist any Encumbrance or other agreement or arrangement which has the same or similar effect to the granting of security in respect of all or any part of the undertaking, property or assets of any Group Company;
9. repay (other than in the ordinary course of business), acquire, redeem or create any borrowings or other indebtedness or obligation in the nature of borrowings (including obligations pursuant to any debenture, bond, note, loan stock or other security and obligations pursuant to finance leases);
10. make any advance, loan or deposit of money other than in the ordinary course of business or cancel, release or assign any indebtedness owed to it;
11. change its policies in respect of debtors or payment of creditors;
12. save as otherwise provided for in this Agreement or the appointment by the Issuer of a Financial Adviser to advise it on this Agreement and the transactions contemplated hereunder, make, or agree to make, capital commitments or expenditure exceeding HK\$500,000;
13. lease, license or part with or share possession or occupation of any property held or occupied or which may be acquired by any Group Company or enter into an agreement or arrangement to do so;
14. enter into, amend the terms of, or terminate any partnership, joint venture or other profit sharing agreement, provided that a counterparty's termination of such an agreement shall not be a breach of this paragraph;
15. make any material change to the management and organisation of the Group or Group Companies or the manner in which they carry on the business;
16. modify or terminate any rights under any of its contracts which are material to the businesses of the Group or any Group Company;
17. remove or allow to be removed from any premises of the Group any plant and machinery (other than in the ordinary course of business);
18. disclose or agree to disclose to any person any technical or confidential information of any Group Company;

19. fail to renew or fail to take any action to defend or preserve any Intellectual Property or Know how;
20. enter into any agreement or arrangement to license, part with or share any Intellectual Property;
21. initiate, settle or abandon any claim, litigation, arbitration or other proceedings or make any admission of liability by or on behalf of any Group Company except, in any case, in relation to debt collection in the ordinary course of the business of sums not exceeding HK\$1 million for any single claim or as otherwise instructed by the Investors in writing;
22. make any material change (from the point of view of the relevant employee or category of employees) in the terms and conditions of employment (contractual or non-contractual), working practices or collective agreements relating to such practices of any employee or category of employees;
23. make any change in the remuneration of or (without limitation) other terms of employment of or vary the duties of or dismiss or terminate the employment of any director of any Group Company or any employee with annual remuneration in excess of HK\$1 million (or the pro rata equivalent for part-time employees);
24. appoint any attorneys, agents or sub-contractors (other than in the ordinary course of business);
25. vary any terms of any of its policies of insurance, knowingly take any action which may invalidate any of its policies of insurance or take out any additional or replacement policies of insurance (other than renewals of the policies of insurance on substantially the same terms as those in force at the date of this Agreement);
26. enter into any transaction with any person otherwise than at arms' length and for full value;
27. enter into any connected transaction (as defined in the Hong Kong Stock Exchange Listing Rules) which requires the approval of independent shareholders;
28. make any proposal for the winding up or liquidation of any Group Company;
29. propose any scheme or plan of arrangement, reconstruction, amalgamation or demerger;
30. change its accounting reference date;
31. change its auditors or make any change to its accounting practices or policies, except where such change is recommended by its auditors as a consequence of a change in generally accepted accounting practices or policies applicable to companies carrying on businesses of a similar nature, or as a consequence of a change in law;
32. make, revoke or change any tax election, adopt or change any tax accounting method, practice or period, grant or request a waiver or extension of any limitation on the period for audit and examination or assessment and collection of tax, file any amended tax return or settle or compromise any contested tax liability;
33. redeem or purchase any shares or reduce its issued share capital, or any uncalled or unpaid liability in respect thereof, or any capital redemption reserve, share premium account or other reserve that is not freely distributable;
34. create or amend any employee share scheme, or grant or issue any options under any such scheme;
35. adopt or participate in any pension scheme (other than its existing pension schemes) or amend any of its existing pension schemes or review any such scheme or vary or cease contributions made to any such scheme; or
36. agree, undertake or otherwise give any binding undertaking to do any of the same.

### SCHEDULE 3 FORM OF DEED OF ACCESSION

THIS DEED is made on [ ] 2015

**BETWEEN:**

- 1 **CHINA SEVEN STAR HOLDINGS LIMITED**, a limited liability company incorporated under the laws of Hong Kong, whose registered office is at Unit A02, 11th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong] (the "**Issuer**");
- 2 **CMI FINANCIAL HOLDING CORPORATION**, a limited liability company incorporated under the laws of British Virgin Islands, whose registered office is PO Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (the "**CMI**"); and
3. [ ], a company incorporated under the laws of [ ] having its [registered] office at [ ] OR [ ] of [address] (the "**Incoming Investor**");

**WHEREAS:**

- (A) Pursuant to a subscription agreement dated [•] and made between the Issuer and CMI (the "**Subscription Agreement**"), the Issuer has agreed to issue Subscription Shares to investors.
- (B) The Subscription Agreement also provides that new investors may accede to the Subscription Agreement and subscribe for certain number of Subscription Shares by entering into a deed of accession.
- (C) The Incoming Investor wishes to subscribe for the Subscription Shares described in Clause 4 to this Deed (the "**New Interest**") and accede to the Subscription Agreement subject to and in accordance with the terms and conditions of this Deed.

**NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED:**

1. **DEFINITIONS AND INTERPRETATIONS**

1.1 **Definitions**

In this Deed (including the Recitals and Schedule hereto), unless the subject or context otherwise requires, words defined in the Subscription Agreement shall have the same meanings when used herein.

1.2 **Headings**

Headings shall be ignored in the construction of this Deed.

2. **UNDERTAKINGS OF THE INCOMING INVESTOR**

In consideration of mutual covenants contained in this Deed and subject to the provisions of this Deed, the Incoming Investor undertakes and agrees, to each other party to this Deed, that it will accede to and assume, perform and comply with the obligations and provisions of the Subscription Agreement as one of the Investors in the Subscription

Agreement as if the Incoming Investor had been a party to the Subscription Agreement at the date of execution thereof and the parties agree that where there is a reference to an "Investor" there it shall be deemed to include a reference to the Incoming Investor.

**3. RIGHTS OF THE INCOMING INVESTOR**

In consideration of mutual covenants contained in this Deed and subject to the provisions of this Deed, the parties hereto (other than the Incoming Investor) undertake and agree that there shall be accorded to the Incoming Investor all the rights of an Investor under the Subscription Agreement as if the Incoming Investor had been a party to the Subscription Agreement at the date of execution thereof.

**4. NUMBER OF SUBSCRIPTION SHARES**

The number of Subscription Shares the Incoming Investor undertakes and agrees to subscribe for under the Subscription Agreement shall be [ ] Shares. The parties agree that Clause 1.1 of the Subscription Agreement shall be construed accordingly.

**5. NOTICES**

The address and facsimile number designated by the Incoming Investor for the purposes of clause 10.1 of the Subscription Agreement are:

Address:

Fax:

For the attention of:

**6. REPRESENTATIONS AND WARRANTIES**

The Investor hereby warrants and represents to the Issuer that each of the warranties set out in this Clause 6 is accurate and not misleading:

- 6.1.1 the Investor is duly incorporated and is validly existing under the laws of the place of its incorporation and has the full capacity, power and authority to execute, deliver, enter into and perform its obligations under this Deed;
- 6.1.2 the execution, delivery, entering into and performance of this Deed has been duly authorised by the Investor, and this Deed constitutes legal, valid and binding obligations of the Investor, enforceable in accordance with its terms; 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; and
- 6.1.3 all corporate power and authority required by the Investor to execute and perform its obligations under this Deed has been validly obtained and are unconditional and in full force and effect.

7. **ASSIGNMENT AND TRANSFER**

The parties hereto hereby acknowledge and agree that no party shall have any right to assign, transfer or in any way dispose of the benefit (or any part thereof) or the burden (or any part thereof) of this Deed without the prior written consent of other parties, except where CMI shall be entitled to assign its rights under this Deed to the Permitted CMI Assignee.

8. **MISCELLANEOUS**

- 8.1 This Deed shall be governed by, and construed in accordance with the laws of Hong Kong.
- 8.2 The provisions of clauses 15.2 and 16 of the Subscription Agreement shall apply to this Deed mutatis mutandis.
- 8.3 [The Covenantors] hereby appoints [ ], [a limited private company incorporated under the laws of the Hong Kong] and having its registered office at [ ] Hong Kong to be its process agent to receive process by which any legal proceedings in Hong Kong are begun on [the Covenantors]. If the above process agent ceases to have a places of business in Hong Kong, [the Covenantors] shall forthwith appoint a further person in Hong Kong to accept service of process on its behalf in Hong Kong and notify the other parties of such appointment, nothing contained herein shall affect the right to serve process in any other manner permitted by law. The Covenantors undertakes that the provisions of this Clause 8.3 shall equally apply to the Subscription Agreement with respect to the [Covenantors].

[Intentionally left blank]

**IN WITNESS** whereof this Deed has been entered into the day and year first before written.

The Common Seal of	)
<b>CHINA SEVEN STAR HOLDINGS</b>	)
<b>LIMITED</b>	)
was affixed hereto by	)

The Common Seal of	)
<b>CMI FINANCIAL HOLDING</b>	)
<b>CORPORATION</b>	)
was affixed hereto by	)

The Common Seal of	)
<b>[ ] LIMITED</b>	)
was affixed hereto by	)

This Agreement has been entered into on the date stated at the beginning.

CHINA SEVEN STAR HOLDINGS LIMITED

By:

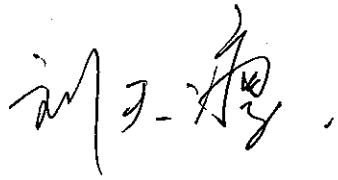
陈晓燕

陈晓燕

执行董事

CMI FINANCIAL HOLDING CORPORATION

By:

A handwritten signature in black ink, appearing to read '刘天凛' (Liu Tianlin), with a small horizontal line extending from the end.

刘天凛  
执行董事