

SAMPLE CONVERTIBLE LOAN AGREEMENT

IMPORTANT NOTES:

(1) This is an example of the Convertible Loan Agreement that you will be asked to enter into with investors if you are selected as the winner of the "Elevator World Tour" competition in Hong Kong.

(2) This Convertible Loan Agreement is subject to further negotiation between you and the relevant investors and is a suggested starting point for those negotiations.

(3) Neither Startupfest nor HKSTP nor any of their partners or sponsors will be involved with or will provide any advice on or in connection with the negotiation or finalization of this Convertible Loan Agreement. Neither Startupfest nor HKSTP nor any of their partners or sponsors assume any liability to you in relation to the provision to you or use by you of this Convertible Loan Agreement and, accordingly, we strongly suggest that you seek independent professional legal advice prior to entering into this Convertible Loan Agreement.

This convertible loan agreement (the "**Loan Agreement**") is entered into on _____ 2016

Between:

- (1) [●], a company incorporated and registered in [●] with company number [●] and having its registered office at [●] (the "**Corporation**"); and
- (2) [●], a company incorporated and registered in [●] with company number [●] and having its registered office at [●] (the "**INVESTOR**"),

each a "**party**" and, together, the "**parties**".

Background:

INVESTOR is to provide a loan to the Corporation, which shall be convertible into equity in the Corporation in certain circumstances, in each case subject to and in accordance with the terms and conditions of this Loan Agreement.

Agreed Terms:

1. **Key Loan Terms:** In consideration of the mutual covenants and agreements contained in this Loan Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), INVESTOR hereby grants to the Corporation a convertible loan in the principal amount of US\$[10,000.00] ([ten thousand US dollars]) (the "**Principal Amount**"), which the Corporation hereby acknowledges having received and which is subject to the following terms and conditions.
 - a. **Maturity Date** - Subject to Sections 1(c) and 6, unless a conversion under Section 5 or an Event of Default (as defined below) has occurred prior to this time, the Principal Amount, together with any accrued and unpaid interest on such Principal Amount (together, the "**Indebtedness**"), will be due and payable in full on the second anniversary of the signature of this Loan Agreement (the "**Maturity Date**").
 - b. **Interest** - Subject to Section 1(c), the Principal Amount, together with any accrued and unpaid interest, will bear interest at the rate of [8]% per annum,

accruing daily, from the date hereof until payment in full has been received by INVESTOR, including without limitation before and after maturity, default or judgment.

- c. **Extension** - If the Corporation and INVESTOR both agree to do so in writing, the Maturity Date may be extended by a period not to exceed 24 months from the original Maturity Date (the "**Extension Period**"). In the event that the Maturity Date is so extended, the interest rate shall be increased by the following amount for the duration of the Extension Period as follows:
 - i. If the Extension Period is less than or equal to 12 months, [2]% per annum, for the entire Extension Period; and
 - ii. If the Extension Period is greater than 12 months and up to 24 months, [4]% per annum, for the entire Extension Period.
- d. **Use of Proceeds** - The Corporation will use the Principal Amount for the following purposes only: general working capital, on-going development of the Corporation's core technology, hiring the core team, development of an intellectual property strategy, business development and general corporate development purposes.

2. **Representations and Warranties:** The Corporation represents and warrants the following to INVESTOR as of the date of this Loan Agreement:

- a. the Corporation has been duly incorporated and is validly existing under the laws of [Hong Kong] and has not been dissolved, wound up or liquidated and no petition or application has been presented or made in respect of the same;
- b. the Corporation has all requisite corporate power and capacity to own its property and assets and to carry on its business as now being conducted by it and enter into and deliver this Loan Agreement, and the investor rights agreement dated on or about the date hereof granting INVESTOR, amongst other things, certain pre-emptive rights (the "**Investor Rights Agreement**" and, together with the Loan Agreement, the "**Transaction Documents**"), and to perform its obligations under each of these Transaction Documents;
- c. the Corporation has acquired all material licenses, registrations, authorizations, permits, approvals and consents necessary to carry on its business and such

licenses, registrations, authorizations, permits, approvals and consents are in good standing, and the Corporation is conducting its business in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on;

- d. each of the Transaction Documents, when executed and delivered, will constitute a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms;
- e. neither the execution and delivery of the Transaction Documents or compliance with the terms, conditions and provisions of the Transaction Documents, will conflict with, accelerate the terms of or result in a breach of any of the terms, conditions or provisions of:
 - i. any agreement, instrument or arrangement to which the Corporation is now a party or by which it is or may be bound, or constitute a default thereunder;
 - ii. any judgment or order, writ, injunction or decree of any court; or
 - iii. any applicable law, regulation or regulatory policy; and
- f. the capitalization table attached to the conditional funding offer made by INVESTOR and accepted by the Corporation (as set out in Schedule 1) sets forth all of the issued and outstanding shares of the capital of the Corporation as well as all issued and outstanding options, warrants, securities and other rights to purchase or convert into shares of the capital of the Corporation as of the date hereof.

3. **Events of Default**: The occurrence of any of the following events shall constitute an "**Event of Default**" under this Loan Agreement:

- a. If default occurs in payment when due of any Indebtedness and such default continues for a period of 5 days following written notice specifying the same by the INVESTOR;
- b. If default occurs in performance of any other material covenant of the Corporation under this Loan Agreement or Investor Rights Agreement and such default continues for period of 10 days following written notice specifying the same by the INVESTOR;

c. If

- i. the Corporation enters bankruptcy or becomes insolvent or is wound up or liquidated within the meaning of any legislation applicable to it;
- ii. a petition or other process for the bankruptcy, insolvency, winding up or liquidation of the Company is filed or instituted and remains undismissed or unstayed for a period of at least 30 days.

d. Upon the occurrence of any Event of Default, all Indebtedness shall at the option of the INVESTOR and by notice in writing to the Corporation become forthwith due and payable and all of the rights and remedies conferred in respect of the Loan Agreement shall become immediately enforceable.

4. **Indemnity and Costs**: INVESTOR is relying on the representations, warranties and covenants contained in this Loan Agreement. The Corporation agrees to indemnify and hold INVESTOR harmless from and against all losses, damages, costs, or expenses, including legal costs, suffered or incurred by INVESTOR as a result of or in connection with any of those representations, warranties or covenants being incorrect or breached. The Corporation will also pay or reimburse the reasonable legal fees, disbursements and out of pocket costs (including any applicable taxes thereon) incurred by or for the account of INVESTOR: (i) in connection with the preparation of this Loan Agreement, and the transactions contemplated in this Loan Agreement; and (ii) in pursuing its remedies against the Corporation in the event the Corporation defaults on any payment owing under this Loan Agreement.

5. **Conversion**:

a. In this Section 5:
"Conversion Price" means:

- i. in the case of a Significant Financing (defined below), the lower of:
 - A. the lowest price paid per Significant Financing Security (defined below); and
 - B. the price per share of the Corporation that results from dividing the Capped Price by the number of Securities (calculated on a fully diluted basis and

(as applicable) taking into account Securities to be issued in the Significant Financing);

ii. in the case of a Change of Control (defined below), the lower of:

A. the price per share of the Corporation based on the valuation given in connection with the event triggering the Change of Control; and

B. the price per share of the Corporation that results from dividing the Capped Price by the number of Securities (calculated on a fully diluted basis and (as applicable) taking into account Securities to be issued in the Change of Control);

iii. in the case of a Discretionary Conversion (defined below), the lower of:

A. the price per share of the Corporation paid to the Corporation for Securities (defined below) at the last external financing (i.e. a financing where such Securities were issued which includes investors other than the current directors, officers and employees of the Corporation) completed after the date of this Loan Agreement; and

B. the price per share of the Corporation that results from dividing the Capped Price by the number of Securities (calculated on a fully diluted basis),

"Capped Price" [two million five hundred thousand] US dollars (US\$[2,500,000.00]).

"Discount" means a discount of [25]% to the Conversion Price.

b. The Indebtedness may be converted at INVESTOR's option upon any of the following events (each a "**Potential Conversion Event**") and on the terms set out in this Section 5:

- i. If the Corporation completes a private placement of equity securities of the Corporation (such securities or units of securities are referred to as the "**Significant Financing Securities**") for gross proceeds of at least [five hundred thousand] US dollars US\$[500,000.00] (which does not include any Indebtedness converted pursuant to this Loan Agreement) (a "**Significant Financing**") then unless INVESTOR provides a notice to the Corporation that it does not wish to convert the Indebtedness (as set out in Subsection 5(d)), concurrent with the closing of such Significant Financing all of the Indebtedness will be automatically and concurrently converted into Significant Financing Securities at a price equal to the applicable Conversion Price less the Discount and otherwise on the same terms and conditions as the investors under the Significant Financing.
 - ii. Upon an amalgamation, merger or reorganization of the Corporation, a Sale of Control, initial public offering of equity securities of the Corporation or a sale of all or substantially all of the Corporation's assets or undertaking, other than as part of an internal amalgamation, merger or reorganization which does not involve persons who are not shareholders or wholly owned subsidiaries of the Corporation (each a "**Change of Control**"), unless INVESTOR provides a notice to the Corporation that it does not wish to convert the Indebtedness (as set out in Subsection 5(d)), concurrent with the closing of such Change of Control all of the Indebtedness will be automatically and concurrently converted into the highest ranking equity securities of the Corporation outstanding immediately prior to the Change of Control (the "**Change of Control Securities**"), at a price equal to the applicable Conversion Price less the Discount, where "**Sale of Control**" means any event after which a person or persons, holds, directly or indirectly, legally or beneficially, shares of the Corporation carrying more than 50% of the votes capable of being cast at a general meeting of the shareholders of the Corporation.
- c. The Indebtedness may also be converted at INVESTOR's sole option on the terms set out in this Section 5 if at any time prior to the Maturity Date, INVESTOR has provided the Corporation with written notice that it wishes to convert its Indebtedness into equity securities (a "**Discretionary Conversion**"), then on the date specified in such notice (which must not be beyond the Maturity

Date) (the "**Discretionary Conversion Date**") all of the Indebtedness will be automatically converted into the highest ranking equity securities of the Corporation outstanding at the Discretionary Conversion Date (the "**Securities**"), at a price equal to the applicable Conversion Price less the Discount.

- d. The Corporation shall provide INVESTOR with notice of any Potential Conversion Event at least 15 business days prior to the closing of such Potential Conversion Event. Upon receipt of such notice, INVESTOR shall have 12 business days to notify the Corporation in writing if it does not wish to convert the Indebtedness. In the event INVESTOR delivers such notice to the Corporation as set out above the Corporation will have the right to either keep the loan outstanding in its current form, or prepay the loan as set out in Section 6.
- e. Upon conversion of the Indebtedness, the Corporation will promptly deliver to INVESTOR a certificate representing the Significant Financing Securities, Change of Control Securities or Securities, as applicable, and, in the case of a Significant Financing or Change of Control, such other documents as purchasers under the Significant Financing or Change of Control, as applicable, are entitled to receive in connection therewith including, but not limited to, an opinion of counsel satisfactory to INVESTOR, acting reasonably, to the effect that such securities are duly and validly issued, free from pre-emptive rights, and issued in compliance with applicable laws. The Corporation will cover all legal fees associated with such conversion including but not limited to the reasonable legal fees of INVESTOR.
- f. In the case of a Significant Financing, conversion shall be mandatory in the case that INVESTOR is a participating investor in the Significant Financing.
- g. No fractional securities shall be issued and if the conversion provided for in this Section 5 would result in INVESTOR being entitled to receive a fraction of a security, the Corporation shall instead issue upon the conversion the next lesser whole number of securities.
- h. Notwithstanding anything to the contrary:
 - a. unless INVESTOR has notified the Corporation that it does not wish to convert its Indebtedness, upon the issuance of the Significant Financing Securities or the Change of Control Securities to INVESTOR pursuant to Subsection 5(b), INVESTOR shall be treated for all purposes as the record holder

of such securities as of the date of the closing of the Significant Financing or Change of Control, as applicable; and

- b. in the case of a Discretionary Conversion, upon the issuance of the Securities to INVESTOR pursuant to Subsection 5(c), INVESTOR shall be treated for all purposes as the record holder of such securities as of the Discretionary Conversion Date, and in each case this Loan Agreement shall be deemed to be cancelled and the Corporation shall have no further obligation to pay INVESTOR under this Loan Agreement.

6. **Prepayment:** Except as otherwise set out in this Section 6, the Corporation does not have the right to prepay the Indebtedness without the prior written consent of INVESTOR. If, upon a Potential Conversion Event, INVESTOR does not convert the Indebtedness, the Corporation may, concurrent with the closing of the Potential Conversion Event, choose, in its sole discretion, to prepay all Indebtedness owing under this Loan Agreement on the date of the Conversion Event. In the event the Indebtedness is not prepaid as set out above, it will remain in full force and effect on the terms set out herein.
7. **Withholding:** The Corporation may deduct from any principal amount or interest payable in accordance with this Loan Agreement any tax or other amounts which the Company is required by law to deduct.
8. **Notices:** A notice given under this Loan Agreement: (a) shall be in writing in the English language; (b) shall be sent for the attention of the person, and to the address set out at the top of the first page of this Loan Agreement (or such other address as the relevant party may notify to the other party); and (c) shall be: (i) delivered personally; or (ii) sent by pre-paid first-class post or recorded delivery. A notice is deemed to have been received: (a) if delivered personally, at the time of delivery; or (b) in the case of pre-paid first-class post or recorded delivery, 48 hours from the date of posting; or (c) if deemed receipt under this Section 8 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a business day), at the start of the next following business day.
9. **Entire Agreement and Non-Reliance:** This Loan Agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter. Each party acknowledges that in entering into this Loan Agreement it does not rely on any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Loan Agreement. Each party agrees that it shall have no claim for innocent or negligent misrepresentation based on any statement in this Loan Agreement. Nothing in this Loan Agreement shall limit or exclude any liability for fraud.

No party has relied on any representation, warranty or other assurance except those expressly set out in this Loan Agreement.

10. **Non-Waiver of Rights**: The failure of any party at any time to require performance or observance by any other party of any provision of this Loan Agreement does not in any way affect the right of such first party to require performance of that provision. Waiver by any party of any breach of any provision of this Loan Agreement may not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Loan Agreement.
11. **Assignment**: This Loan Agreement will enure to the benefit of and be binding upon the parties and their respective successors and assigns; it being understood and agreed that the Corporation shall not have the right to assign this Loan Agreement, nor any of its rights hereunder, without the prior written consent of INVESTOR, acting in its sole discretion. INVESTOR shall be able to assign its rights under this Loan Agreement at any time without the prior written consent of the Corporation.
12. **Costs**: Save as expressly set out in this Loan Agreement, the parties will bear their own legal costs in relation to the negotiation, preparation and finalisation of this Loan Agreement.
13. **Severability**: If any provision of this Loan Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, any such declaration will not affect the other provisions of this Loan Agreement which are capable of severance and those other provisions will continue unaffected.
14. **Further Acts**: Each of the parties shall at the request of the other party, and at the expense of the Corporation, execute and deliver any further documents and do all acts and things as that party may reasonably require in order to carry out the true intent and meaning of this Loan Agreement.
15. **Third Party Rights**: Save as otherwise expressly provided in this Loan Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623, Laws of Hong Kong) to enforce any term of this Loan Agreement.
16. **Amendments**: No term or provision hereof may be amended except by an instrument in writing signed by all of the parties to this Loan Agreement.
17. **Counterparts**: This Loan Agreement may be executed in counterpart and such counterparts together will constitute a single instrument. Delivery of an executed counterpart of this Loan Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), will be equally effective as delivery of a manually executed

counterpart hereof. The parties acknowledge and agree that in any legal proceedings between them respecting or in any way relating to this Loan Agreement, each waives the right to raise any defence based on the execution hereof in counterparts or the delivery of such executed counterparts by electronic means.

18. **Governing Law and Jurisdiction**: This Loan Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of Hong Kong SAR. The courts of Hong Kong SAR shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Loan Agreement (including non-contractual disputes or claims).

The undersigned have executed this Loan Agreement on the date stated at the top of the first page

Execution Page

Signed for and on behalf of

)

[CORPORATION NAME]

)

Director

In the presence of:

Signature of witness:

Printed name and address of witness:

Execution Page

Signed for and on behalf of

)

[INVESTOR NAME]

)

Director

In the presence of:

Signature of witness:

Printed name and address of witness:

SCHEDULE 1 – FINAL CONDITIONAL FUNDING OFFER

SAMPLE INVESTOR RIGHTS AGREEMENT

IMPORTANT NOTES:

(1) This is an example of the Investor Rights Agreement that you will be asked to enter into with investors if you are selected as the winner of the "Elevator World Tour" competition in Hong Kong.

(2) This Investor Rights Agreement is subject to further negotiation between you and the relevant investors and is a suggested starting point for those negotiations.

(3) Neither Startupfest nor HKSTP nor any of their partners or sponsors will be involved with or will provide any advice on or in connection with the negotiation or finalization of this Investor Rights Agreement. Neither Startupfest nor HKSTP nor any of their partners or sponsors assume any liability to you in relation to the provision to you or use by you of this Investor Rights Agreement and, accordingly, we strongly suggest that you seek independent professional legal advice prior to entering into this Investor Rights Agreement.

This investor rights agreement (the "**Agreement**") is entered into on _____ 2016

Between:

(1) **[•]**, a company incorporated and registered in **[•]** with company number **[•]** and having its registered office at **[•]** (the "**Corporation**"); and

(2) **[•]**, a company incorporated and registered in **[•]** with company number **[•]** and having its registered office at **[•]** (the "**INVESTOR**"),

each a "**party**" and, together, the "**parties**".

Background:

1. INVESTOR intends to grant a convertible loan to the Corporation in the principal amount of US\$[10,000] pursuant to a convertible loan agreement dated on or about the date hereof (the "**INVESTOR Loan Agreement**").
2. It is a condition of INVESTOR providing a loan under the INVESTOR Loan Agreement that the Corporation grant it certain pre-emptive and information rights, on the terms and conditions set out herein.

Agreed Terms:

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of, and in reliance on, the premises, the representations, warranties, covenants and agreements set forth in this Agreement, the parties hereby agree as follows:

1. **Definitions and Interpretation**: In this Agreement, unless otherwise provided:
 - a. "**Board**" means the board of Directors of the Corporation as constituted from time to time;
 - b. "**Common Shares**" means the shares of any class of common shares in the share capital of the Corporation;

- c. "**Directors**" means the persons who are, from time to time, elected or appointed directors of the Corporation and a "Director" means any one of them;
- d. "**Equity Securities**" means:
 - i. Shares or any other security of the Corporation that carries the residual right to participate in the earnings of the Corporation and, on liquidation, dissolution or winding-up, in the assets of the Corporation, whether or not the security carries voting rights;
 - ii. any warrants, options or rights entitling the holders thereof to purchase or acquire any Shares; or
 - iii. any securities issued by the Corporation which are convertible or exchangeable into Shares.
- e. "**Fully Converted Basis**" at any time means that all Shares and other securities of the Corporation (including all options, warrants, units, rights of conversion or other rights that carries a right to acquire shares in the capital of the Corporation) then outstanding which are convertible or exchangeable into Common Shares (directly or indirectly) shall be deemed to have been fully converted and exchanged into Common Shares, in accordance with the rights, privileges, restrictions and conditions attached thereto, and Common Shares issuable as a result thereof shall be deemed to have been issued and to form part of the holdings of the Person(s) entitled to receive such Common Shares;
- f. "**Indebtedness**" has the meaning ascribed to such term in the INVESTOR Loan Agreement;
- g. "**Person**" means any individual, partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, trust, trustee, executor, administrator, or other legal personal representatives, regulatory body or agency, government or governmental agency, authority or entity howsoever designated or constituted;
- h. "**Shares**" means shares of any class in the share capital of the Corporation from time to time;
- i. "**Significant Financing**" means an issue of Equity Securities of the Corporation or an initial public offering of equity securities of the Corporation (such securities or units of securities are referred to as the "**Significant Financing Securities**")

for gross proceeds of at least US\$[500,000] (which does not include any Indebtedness converted pursuant to the INVESTOR Loan Agreement);

- j. Any words defined elsewhere in the Agreement shall have the particular meaning ascribed thereto;
- k. Words (including defined terms) using or importing the singular number include the plural and vice versa and words importing one gender only shall include all genders and words importing persons in this Agreement shall include individuals, partnerships, corporations and any other entities, legal or otherwise;
- l. The headings used in this Agreement are for ease of reference only and shall not affect the meaning or the interpretation of this Agreement; and
- m. Unless otherwise specified, all references to the symbol "\$" are to lawful money of the United States of America.

2. **Reporting Requirements**: The Corporation shall provide to INVESTOR, as long as any Indebtedness under the INVESTOR Loan Agreement is outstanding or it holds any Equity Securities, the following documents, to be provided to INVESTOR concurrent with the Board:

- a. Financial Statements - comprehensive consolidated quarterly and annual unaudited financial statements prepared by the Corporation in accordance with generally accepted accounting principles in the Corporation's jurisdiction of incorporation or international financial reporting standards, as applicable to the Corporation (including its income statement, balance sheet and cash flow) with management's analysis of the results and comments on variances from the annual budget and a summary President/CEO's report with a more detailed description of the general affairs of the Corporation;
- b. Annual Budget - an annual operating and capital budget for the Corporation showing all significant expenditures to be made during the next fiscal year;
- c. Annual Audited Statements - if prepared, annual audited consolidated financial statements for the Corporation (including its income statement, balance sheet and cash flow); and
- d. Progress Reports - any other progress reports as are provided to Directors and the Corporation's shareholders.

3. **Offerings of Equity Securities:** Except as otherwise agreed to by the parties hereto, each offering by the Corporation of additional Equity Securities shall be made in accordance with Sections 4 and 5.

4. **Pro-Rata Preemptive Right:** Subject to Section 5 and unless waived in writing by INVESTOR, each time the Corporation proposes to allot, issue, sell or resell any Equity Securities (a "Treasury Offer"), the Corporation shall first offer INVESTOR its pro rata share of such Equity Securities on the following basis:

a. **Pro Rata Portion** - The number of Equity Securities INVESTOR shall be offered and may purchase shall be determined by the following formula:

Number of Equity Securities which INVESTOR shall be offered and may purchase

=

(Number of Common Shares held by INVESTOR on a Fully Converted Basis immediately prior to the Treasury Offer / Number of Common Shares held by all being offered shareholders of the Corporation on a Fully Converted Basis immediately prior to the Treasury Offer)

X

Total Number of Equity Securities being offered

b. **Notice of Offer** - Each Treasury Offer shall be made by written notice to INVESTOR specifying:

- i. the total number and class of Equity Securities offered;
- ii. INVESTOR's pro rata portion thereof as determined by the formula in (a) above;
- iii. the price at which the Equity Securities are being offered;
- iv. any other terms and conditions applicable to the offer not set out in this Section 4; and

- v. that INVESTOR shall have fifteen (15) business days (the "**Acceptance Period**") following receipt of the notice to accept the Treasury Offer;
 - c. **Acceptance** - Acceptance of a Treasury Offer shall be made by notice in writing to the Corporation within the Acceptance Period specifying the number of Equity Securities up to the pro rata number determined above that INVESTOR wishes to purchase. INVESTOR may also specify in such notice an additional number of the Equity Securities ("**Specified Additional Amounts**") offered for sale that INVESTOR is prepared to purchase if the Treasury Offer is not fully subscribed by the shareholders of the Corporation. If INVESTOR does not accept the Treasury Offer before expiration of the Acceptance Period, then INVESTOR shall be deemed to have refused the Treasury Offer. Additionally, if INVESTOR notifies the Corporation in writing that it accepts or declines the Treasury Offer before the end of the Acceptance Period, then the Acceptance Period shall be deemed to have ended on the date the last such notice is received by the Corporation;
 - d. **Sale to Third Party** - The Corporation shall be entitled to allot, issue or sell the balance of any of the offered Equity Securities which are not purchased by INVESTOR upon completion of the above process to any Person(s), provided that such allotment, issuance or sale:
 - i. shall not be effected at a price which is less than the price or on terms and conditions which are more favourable (from the purchaser's perspective) than those set forth in the written notice to INVESTORS concerning the Treasury Offer; and
 - ii. shall be effected within a 3 month period following the expiration of the Acceptance Period, after which period has expired, the Corporation shall comply with this Section 4 before offering further Equity Securities to any Person.
5. **Permitted Non-Pro Rata Offerings:** The Corporation may directly allot, issue or sell Equity Securities without complying with Section 4 in the following circumstances:
- a. **Share Option Plan** - the Equity Securities are being issued pursuant to a duly approved grant or exercise of options under the Corporation's share option plan or to directors and officers of the Corporation;

- b. **Subdivision** - the Equity Securities are being issued pursuant to a duly approved subdivision, amalgamation, reorganization, or dividend payable in Equity Securities;
 - c. **Conversion** - the Equity Securities are being issued in accordance with the rights, privileges, restrictions and conditions attached to Shares;
 - d. **Existing Options** - the Equity Securities are being issued pursuant to the options, warrants or other rights disclosed in writing to INVESTOR as of the date of this Agreement;
 - e. **Convertible Securities** - the Equity Securities are being issued pursuant to the rights attaching to Equity Securities which were issued in accordance with Section 4 or 5; or
 - f. **IPO** - the Equity Securities are being offered as part of an initial public offering.
6. **Notices:** A notice given under this Agreement: (a) shall be in writing in the English language; (b) shall be sent for the attention of the person, and to the address set out at the top of the first page of this Agreement (or such other address as the relevant party may notify to the other party); and (c) shall be: (i) delivered personally; or (ii) sent by pre-paid first-class post or recorded delivery. A notice is deemed to have been received: (a) if delivered personally, at the time of delivery; or (b) in the case of pre-paid first-class post or recorded delivery, 48 hours from the date of posting; or (c) if deemed receipt under this Section 6 is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a business day), at the start of the next following business day.
7. **Entire Agreement and Non-Reliance:** This Agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter. Each party acknowledges that in entering into this Agreement it does not rely on any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement. Each party agrees that it shall have no claim for innocent or negligent misrepresentation based on any statement in this Agreement. Nothing in this Agreement shall limit or exclude any liability for fraud. No party has relied on any representation, warranty or other assurance except those expressly set out in this Agreement.
8. **Non-Waiver of Rights:** The failure of any party at any time to require performance or observance by any other party of any provision of this Agreement does not in any way affect the right of such first party to require performance of that provision. Waiver by any party of any

breach of any provision of this Agreement may not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Agreement.

9. **Assignment**: This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and assigns; it being understood and agreed that the Corporation shall not have the right to assign this Agreement, nor any of its rights hereunder, without the prior written consent of INVESTOR, acting in its sole discretion. INVESTOR shall be able to assign its rights under this Agreement at any time without the prior written consent of the Corporation.
10. **Costs**: Save as expressly set out in this Agreement, the parties will bear their own legal costs in relation to the negotiation, preparation and finalisation of this Agreement.
11. **Severability**: If any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, any such declaration will not affect the other provisions of this Agreement which are capable of severance and those other provisions will continue unaffected.
12. **Further Acts**: Each of the parties shall at the request of the other party, and at the expense of the Corporation, execute and deliver any further documents and do all acts and things as that party may reasonably require in order to carry out the true intent and meaning of this Agreement.
13. **Third Party Rights**: Save as otherwise expressly provided in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623, Laws of Hong Kong) to enforce any term of this Agreement.
14. **Amendments**: No term or provision hereof may be amended except by an instrument in writing signed by all of the parties to this Agreement.
15. **Counterparts**: This Agreement may be executed in counterpart and such counterparts together will constitute a single instrument. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), will be equally effective as delivery of a manually executed counterpart hereof. The parties acknowledge and agree that in any legal proceedings between them respecting or in any way relating to this Agreement, each waives the right to raise any defence based on the execution hereof in counterparts or the delivery of such executed counterparts by electronic means.
16. **Governing Law and Jurisdiction**: This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or

formation shall be governed by and construed in accordance with the law of Hong Kong SAR. The courts of Hong Kong SAR shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Agreement (including non-contractual disputes or claims).

The parties have executed this Agreement on the date stated at the top of the first page

Execution Page

Signed for and on behalf of)

[CORPORATION NAME])

Director

In the presence of:

Signature of witness:

Printed name and address of witness:

Execution Page

Signed for and on behalf of)

[INVESTOR NAME])

Director

In the presence of:

Signature of witness:

Printed name and address of witness: