

Dated the 19th day of October 2018

**CHINA CENTURY HOLDINGS LIMITED**

**(as the Borrower)**

**AND**

**EMPEROR SECURITIES LIMITED**

**(as the Lender)**

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**LOAN AGREEMENT**  
**for**  
**Facility of up to HK\$380,000,000**

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THIS LOAN AGREEMENT is made on the 19th day of October 2018.

**BETWEEN:**

- (1) **CHINA CENTURY HOLDINGS LIMITED** (a company incorporated in British Virgin Islands with Company No.1979536) whose registered office is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the “**Borrower**”); and
- (2) **EMPEROR SECURITIES LIMITED**, a company incorporated in Hong Kong and having its registered office at 23<sup>rd</sup> – 24<sup>th</sup> Floors, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong (the “**Lender**”).

**WHEREAS:**

- (A) Pursuant to a sale and purchase agreement dated the date hereof (“**SP Agreement**”), the Borrower agrees to acquire 397,865,000 shares representing approximately 51.82% of the issued share capital of **CHerish Holdings Limited (東盈控股有限公司)** (stock code 2113) (the “**Company**”). Upon completion of the SP Agreement, the Borrower is required by the Code (as defined below) to make a cash offer for all the shares of the Company (each a “**CHerish Share**”) of HK\$0.01 each in the capital of the Company other than those already owned or to be acquired by the Borrower and its concert parties.
- (B) The Lender has at the request of the Borrower agreed to make available to the Borrower credit loan facility of a maximum amount up to HK\$380,000,000 for the purpose of financing the payment of (i) part of the consideration of the SP Agreement and (ii) the CHerish Shares tendered under the Offer (as defined below), subject to and upon the terms and conditions of this Agreement.

**1. INTERPRETATION**

1.1 In this Agreement (including the Schedules), the following expressions shall, except where the context otherwise requires, have the meanings attributed to them respectively below:

“**Advance**” each drawdown under the Facility pursuant to Clause 4 or, as the context may require, the principal amount advanced to the Borrower on each such occasion

“**Borrower Debt Assignment**” the deed of assignment (in form and substance satisfactory to the Lender, acting reasonably) in respect of any indebtedness due by the Borrower to the Shareholders and the Guarantors

“**Borrower Share Charge**” the share charge (in form and substance satisfactory to the Lender, acting reasonably) to be given by the Shareholders in favour of the Lender in respect of all the issued shares of the

Borrower

<b>“Business Day”</b>	a day (other than Saturday or Sunday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
<b>“Code”</b>	the Hong Kong Code on Takeovers and Mergers
<b>“Company”</b>	has the meaning ascribed thereto in Recital (A)
<b>“Disposition”</b>	any sale, assignment, exchange, transfer, concession, loan, lease, surrender of lease, tenancy, licence, direct or indirect reservation, waiver, compromise, release, dealing with or in or granting of any option, right of first refusal or other right or interest whatsoever and include any agreement so as to do
<b>“Encumbrance”</b>	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority of security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
<b>“Events of Default”</b>	any one or more of the events specified in Clause 13.1 or any act or event which with the giving of notice and/or the lapse of time and/or the fulfilment of any other condition would become one or more of such events
<b>“Facility”</b>	the loan of an aggregate amount of HK\$380,000,000 to be made available by the Lender to the Borrower under this Agreement
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“CHerish Debt Assignment”</b>	the deed of assignment (in form and substance satisfactory to the Lender, acting reasonably) in respect of any indebtedness due from the Company to the Borrower, the Shareholders and the Guarantors
<b>“CHerish Share”</b>	has the meaning ascribed thereto in Recital (A)
<b>“CHerish Share Charge”</b>	the share charge (in form and substance satisfactory to the Lender, acting reasonably) to be given by the Borrower in favour of the Lender in respect of all the CHerish Shares held by the Borrower and such additional CHerish Shares which the Borrower may have acquired pursuant to the Offer or from

	time to time
<b>“Guarantors”</b>	Mr. Zhang Chengzhou; Mr. Li Xiangzhong; and Mr. Cao Qian
<b>“Margin Account”</b>	the margin account no.00045079 of the Borrower maintained with the Lender
<b>“Notice of Drawing”</b>	the notice of drawing for an Advance under the Facility in the form set out in Schedule 2
<b>“Offer”</b>	the unconditional mandatory cash offer for all the CHERish Shares by the Borrower other than the CHERish Shares already owned or agreed to be acquired by the Borrower (if any) or persons acting in concert with it (as defined under the Code)
<b>“Repayment Date”</b>	the date falling 5 months from the date of this Agreement or such other date as may be agreed by the Lender and the Borrower in writing.
<b>“Security Documents”</b>	the CHERish Share Charge, the Borrower Share Charge, the Borrower Debt Assignment, the CHERish Debt Assignment and the guarantees provided by the Shareholders and the Guarantors and such documents as may have been or may hereafter be executed by the Borrower or any other person in favour of the Lender as security for the performance of the Borrower's obligations hereunder and all documents ancillary to or derived from any of them
<b>“Security Parties”</b>	means any party whom has provided security or subsequently provides security for all or any part of the Borrower’s obligations under this Agreement, and a <b>“Security Party”</b> means each or any one of them, as the context requires.
<b>“Max Security Ratio”</b>	means the quotient of:  the aggregate amount of the Advances remains unrepaid by the Borrower to the Lender on the closing day of the Offer period
	<hr/> the shareholding percentage in the Company represented by the number of the CHERish Shares in the Margin Account on the closing day of the Offer period

<b>“Security Ratio”</b>	means the quotient of:  $\frac{\text{the aggregate amount of the Advances together with any outstanding interests remains unpaid by the Borrower to the Lender from time to time}}{\text{the shareholding percentage in the Company represented by the number of the CHerish Shares in the Margin Account from time to time, assuming such transaction has been completed and taking into account all outstanding dilutive instruments being issued and to be issued by the Company from time to time}}$
<b>“Shareholders”</b>	China Medival Group Limited (BVI No.:1961354); Xianghua International Holdings Limited (BVI No.:1983696); and World Communication International Holdings limited (BVI No.:1983850)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“HKS”</b>	Hong Kong dollars, the lawful currency for the time being of Hong Kong

1.2 Except to the extent that the context requires otherwise, any reference in this Agreement to:

- (1) an **“agency”** of a state or government means any ministry, agency, board, bureau, commission, department, authority, statutory corporation (whether autonomous or not) or other instrumentality of or any corporation or other entity owned or controlled by such state or government;
- (2) any document shall include that document as in force for the time being and as amended in accordance with the terms thereof or with the agreement of the parties thereto and with the consent of the Lender, if required hereunder;
- (3) any enactment shall include same as from time to time re-enacted, amended, extended, consolidated or replaced;
- (4) **“associate”** means in relation to a body corporate, includes all or any of the following:
  - (a) any director, chief executive, shareholders of any such company;
  - (b) any child (including step-child), spouse, brother, sister, step-brother, step-sister, parent, mother-in-law, father-in-law, daughter-in-law, brother-in-law, sister-in-law of any of the persons referred to in paragraph (a) or any person co-habiting with any of the foregoing persons; or
  - (c) any company in the equity capital of which any of the persons referred to in paragraphs (a) and (b) and/or his family interests taken together

are directly or indirectly interested so as to exercise or control the exercise of thirty per cent. (30%) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors or other governing bodies and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company;

- (5) “**control**” means in relation to a corporation, the power of a person to secure:
- (a) by means of the holding of shares or the possession of voting power in or in relation to that or any other corporation; or
  - (b) by virtue of any powers conferred by the constituent documents or other documents regulating that or any other corporation,

that the affairs of the first-mentioned corporation are conducted in accordance with the wishes of that person and “**controlled**” shall be construed accordingly;

- (6) “**laws and regulations**” shall include all constitutional provisions, treaties, conventions, statutes, acts, laws, decrees, ordinances, subsidiary and subordinate legislation, orders, rules and regulations having the force of law, rules of civil and common law and equity, directives, instructions, notifications, circulars, policy statements and guidelines (whether or not having the force of laws) and other similar authorities;
- (7) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, association, organisation, unit or trust (in each case, whether or not having separate legal personality);
- (8) “**subsidiary**” and “**holding company**” shall have the meaning attributed thereto by the Companies Ordinance of Hong Kong;
- (9) “**tax**” includes any present or future tax, levy, impost, duty, charge, fees, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed;
- (10) “**tax on overall net income**” of a person means the tax imposed by the jurisdiction in which its principal office is located on all or part of the net income, profits or gains of that person (whether worldwide, or only insofar as such income, profits or gains are considered to arise in or relate to a particular jurisdiction, or otherwise);
- (11) “**years**” and “**months**” mean calendar years and months respectively, under the Gregorian Calendar.

1.3 The headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, references in this Agreement to the singular shall be deemed to include references to the plural and *vice versa* and references to one gender shall include all genders.

1.4 References in this Agreement to clauses, schedules and exhibits are references to clauses, schedules and exhibits to this Agreement and references to sub-clauses and paragraphs are, unless otherwise stated, reference to sub-clauses and paragraphs of the clause, sub-clause or, as appropriate, the schedule to which the reference appears.

## **2. THE FACILITY**

2.1 Subject to the terms and conditions of this Agreement, the Lender hereby agrees to make available to the Borrower the Facility for fund proof and drawdown up to a principal amount of HK\$380,000,000 for the sole and exclusive purpose of financing the Borrower's payment of the consideration under the SP Agreement and the CHerish Shares in respect of which the Offer is accepted.

2.2 Subject to Clause 3.1, the Facility shall be provided for fund proof to the Securities and Futures Commission, the Stock Exchange or any authorities commencing from the date of this Agreement up to the seventh (7) Business Days after the close of the Offer or the day of Offer is lapsed, whichever is the earlier. The Facility will not be available for drawdown until the conditions set out in Clause 3.2 hereof are fulfilled.

2.3 The Facility for standby and for drawdown shall be automatically terminated upon the occurrence of an Event of Default and the Borrower having received a written notice of termination from the Lender pursuant to Clause 13.1 of this Agreement setting out the relevant Event(s) of Default.

2.4 The Borrower hereby undertakes that it shall set aside all the cash (if any) under the Margin Account for the purpose of funding the Borrower's payment of (i) the consideration under the SP Agreement; (ii) the CHerish Shares in respect of which the Offer is accepted; and (iii) the repayment of the Facility or any indebtedness due to the Lender.

2.5 (a) Save and except expressly set out in this Agreement, the standard terms of the Margin Account in relation to enforcement of securities apply. (b) For the avoidance of doubts, insofar as the terms of the Margin Account are or may be inconsistent with the terms contained in the Loan Agreement or the Security Documents, the terms contained in this Loan Agreement and the Security Documents shall prevail.

## **3. CONDITIONS PRECEDENT FOR FUND PROOF AND DRAWDOWN**

3.1 The obligation of the Lender to provide the Facility for fund proof purposes under Clause 2.2 hereof is conditional upon:

- (1) the signing of this Agreement;
- (2) the Borrower has maintained a Margin Account with the Lender and has deposited not less than HK\$120,000,000 into the Margin Account;
- (3) the SP Agreement has been duly executed by all the parties of the SP Agreement and the consideration of the SP Agreement being not more than HK\$254,999,635.80;
- (4) the Lender having received all the Security Documents required under this

Agreement for the Facility including:

- (a) the CHerish Share Charge;
  - (b) the Borrower Share Charge;
  - (c) the CHerish Debt Assignment;
  - (d) the Borrower Debt Assignment; and
  - (e) the personal guarantee(s) by the Guarantors;
- (5) the CHerish Shares held by the Borrower having been deposited into the Margin Account;
- (6) the Lender having received the following documents in form and substance satisfactory to it (acting reasonably):
- (a) certified true copy of the articles of association of the Borrower;
  - (b) certified true copy of the certificate of incorporation of the Borrower;
  - (c) certified true copy of the latest certificate of incumbency of the Borrower within three months from the date hereof;
  - (d) certified true copy of the latest certificate of incumbency of China Medival Group Limited within three months from the date hereof;
  - (e) certified true copy of the latest certificate of incumbency of Xianghua International Holdings Limited within three months from the date hereof;
  - (f) certified true copy of the last certificate of incumbency of World Communication International Holdings Limited within three months from the date hereof;
  - (g) certified true copy of a list of the director(s) of the Borrower;
  - (h) certified true copy of a list of the shareholder(s) of the Borrower;
  - (i) certified true copy of current Business Registration Certificate (if any) of the Borrower;
  - (j) the original of the share certificate(s) in relation to the entire issued share capital of the Borrower;
  - (k) certified true copy of resolutions of the board of director(s) of the Borrower authorising the borrowing of the Facility and resolutions of the board of directors of the Security Parties entering into the Security Documents;



- (l) certified true copy of shareholders resolutions of the Borrower to approve the Facility and securities documents and to authorise Mr. Zhang Chengzhou as an authorised person to execute this Loan Agreement and securities documents;
- (m) documents evidencing the increase in paid-up capital of the Borrower up to at least HK\$1,000,000.

3.2 The obligation of the Lender to advance an Advance to the Borrower upon drawdown is conditional upon:

- (1) the SP Agreement has become unconditional and the Borrower is required to pay the consideration under the SP Agreement or there is acceptance tendered under the Offer;
- (2) all the cash in the Margin Account has been withdrawn for payment of the consideration of the SP Agreement and/or the Offer;
- (3) the conditions under Clause 3.1 above are fulfilled;
- (4) all CHerish Shares held by the Borrower having deposited into Margin Account pursuant to the CHerish Shares Charge; and
- (5) the requirements for making each Advance set out in Clause 4.2 below.

#### **4. DRAWING**

4.1 Subject to Clauses 3.2 and 4.2, the Borrower may, from the date of this Agreement up to date falling on the seventh (7) Business Days after the close of the Offer, request for one or more Advances.

4.2 The making of each Advance by the Lender is also subject to the conditions that:

- (1) the requirements of Clause 3.2 shall have been satisfied before a Notice of Drawing is given or at such later time as the Lender may agree;
- (2) the Lender shall have received not later than 12:00 noon (Hong Kong time) on the date falling two (2) Business Days immediately before the date on which an Advance is to be made a duly completed and signed original Notice of Drawing provided however that the Notice of Drawing in respect of the Advance for payment of part of the consideration pursuant to the SP Agreement shall be waived; and
- (3) the Lender shall have received evidence to its satisfaction (acting reasonably) that the Advance will be applied for the purpose set out in Clause 2.1.

4.3 A Notice of Drawing once given shall not be revocable and shall oblige the Borrower to make a drawing of the entire amount of the Advance stated in the Notice of

Drawing.

**5. SET-UP FEE, COMMITMENT FEE AND INTEREST RATE**

5.1 The set-up fee for this Facility shall be in the sum of Hong Kong Dollar (HK\$5,700,000.00) being 1.5% on the Facility amount. The payment of the set-up fee shall be payable upon signing of this Agreement. The amount of set-up fee under this Clause 5 shall not be reduced by the actual amount of Advance.

5.2 The commitment fee for the standby amount shall be at 12% per annum. The standby amount for the purpose of calculating the commitment fee shall be as follows :

As at the date of this Agreement, the Lender has set aside HK\$380,000,000 for the Borrower. The standby amount can be reduced by any actual amount of Advance. The amount set aside can be reduced by equivalent of cash deposited in the Margin Account by the Borrower in addition to the HK\$120,000,000 deposited in the Margin Account as required under Clause 3.1(2) above for the purpose of payment of the consideration under the SP Agreement and the Offer from time to time.

5.3 The commitment fee on the standby amount shall be calculated from the date of this Agreement up to the seventh (7) Business Days after the close or the day the Offer is lapsed. The payment of the commitment fee shall be made on the last Business Day of each calendar month by cash or cheque. The commitment fee shall be calculated on the actual number of days elapsed and on the basis of a 365-day per year. The amount of fund proof for the purpose of calculating the commitment fee under Clause 5 shall be reduced by the actual amount of Advance.

5.4 All the set-up fee and commitment fee shall be non-refundable and any amount become payable but not yet settled shall remain payable even if the outstanding amount under the Facility is fully-repaid or this Agreement is terminated.

5.5 For Advances under Clause 4, interest on any drawdown amount of the Facility shall accrue from the date of drawdown at the rate of 16% per annum.

5.6 Interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day per year. The Borrower shall pay interest on outstanding amount of the Facility on the last Business Day of each calendar month. The Lender can debit the Margin Account for any outstanding interests or fees.

5.7 If the Borrower defaults in repayment on the due date of any part of the Facility, interest or other amounts payable hereunder, the Borrower shall pay interest on such overdue sums from the due date until payment in full (before and after judgment) at the rate which is three percentage (3%) per month. Such interest shall be calculated on the basis of a 365-day per year and the actual number of days elapsed.

5.8 Subject to the terms and conditions herein, if the Borrower defaults in repayment under the Facility, the standard terms and default rate of the Margin Account also apply, subject to compliance with Clause 2.5(b).

5.9 Any increase in the value of the securities deposited in the Margin Account

shall not affect the standby amount under Clause 2.3 or the commitment fee under Clause 5.1.

## **6. REPAYMENT**

6.1 Without prejudice to Clauses 7.1 and 13.2, the Borrower shall repay the outstanding amount with all interest accrued and all other monies payable in one lump sum on the Repayment Date.

The Lender shall have the overriding right at any time after any Advances by written notice to the Borrower to demand (apart from the other representations, warranties, covenants and undertakings given by the Borrower under this Agreement) further security and assurances as the Lender shall consider appropriate to secure the obligations of the Borrower under this Agreement, provided that the Lender, acting reasonably, believe that an Event of Default has occurred or is about to occur.

6.2 All payments made by the Borrower shall be applied first towards satisfaction of accrued interest and any outstanding fees before being applied towards settlement of the principal of the Facility.

## **7. PREPAYMENT OF DRAWN AMOUNT**

7.1 The Borrower may prepay to the Lender but any amount prepaid cannot be re-borrowed.

7.2 The Borrower may prepay to the Lender the whole or in part provided that:

- (1) the Borrower shall have given to the Lender not less than three (3) Business Days' notice in writing of its intention to make such prepayment, specifying the amount to be prepaid and the date on which prepayment is to be made;
- (2) the Borrower shall at the same time of prepayment pay to the Lender all interest accrued on the prepaid amount up to the date of prepayment; and
- (3) each prepayment shall not be less than HK\$3,000,000 or the entire remaining outstanding amount (inclusive of interest accrued) if such amount is less than HK\$3,000,000.

7.3 A notice of intention to prepay shall not be effective until actually received by the Lender but once having been given by the Borrower shall be irrevocable and shall oblige the Borrower to make the specified prepayment and failure to make prepayment in accordance with such a notice shall be an Event of Default.

## **8. CHANGES IN CIRCUMSTANCES**

8.1 If at any time that any law or regulation or application or interpretation thereof by any governmental agency or judicial authority shall make it (or make it apparent to the Lender that it is or will be) unlawful or otherwise not feasible for the Lender to give effect to or maintain its obligations hereunder (which shall include the funding and providing standby under the Facility by the Lender), upon the Lender notifying the Borrower:

- (1) if the Facility shall not have been drawn, the Lender's commitment under this Agreement hereunder shall be cancelled; and
- (2) if the Facility shall have been drawn, the Borrower shall, upon the Lender's demand, repay the Lender the whole (but not part only) of the Facility together with interest accrued thereon and any other amounts payable to the Lender hereunder or under the Security Documents or any of them.

8.2 If at any time, as a result of any law or regulation or any application or interpretation by any governmental agency or judicial authority:

- (1) the Lender is subjected or will be subjected to tax or the Lender's basis of taxation is changed or will be changed (other than tax on the overall net income of the Lender and/or a change of the rate of such tax) in respect of repayment of the Facility or the payment of interest thereon or any amounts payable hereunder or under the Security Documents or any of them; or
- (2) any reserve requirement against any assets, deposits with or for the account of, or loans by the Lender is imposed, modified or deemed applicable or will be imposed, modified or deemed applicable; or
- (3) the basis of tax on the Lender in respect of any principal or interest paid by the Lender on, or otherwise in respect of, deposits from third parties acquired or utilised to effect or maintain the Facility or any part of it; or
- (4) any other condition affecting this Agreement or the Security Documents or any of them or the Facility is imposed or will be imposed;

and the result of the foregoing is:

- (a) to increase the cost to the Lender of making or funding the Facility ; or
- (b) to reduce any amount payable to the Lender or to reduce its effective return hereunder; or
- (c) that the Lender is required to make any payment or forego any interest or other return on or calculated by reference to the gross amount of any sum receivable by it from the Borrower hereunder,

by or of an amount which the Lender deems material, then and in any such case the Borrower shall pay to the Lender from time to time on demand such amount as will compensate the Lender for such additional cost, reduction, payment or foregone interest or other amount.

8.3 A certificate of the Lender as to the amount payable by the Borrower under Clause 8.2 and the computation and the legal, regulatory, governmental and/or judicial basis therefor shall, in the absence of manifest error, be conclusive and binding on the Borrower.

**9. PAYMENTS**

9.1 All payments to be made by the Borrower to the Lender pursuant to this Agreement shall be made in Hong Kong dollars in immediately available funds and, unless expressly provided in this Agreement to the contrary, shall be made to the Lender not later than 2:00 p.m. (Hong Kong time) on the due day to such account as the Lender may from time to time stipulate in writing.

**10. TAXES**

10.1 All amounts payable by the Borrower hereunder shall be made without set-off, counterclaim or other deductions and free and clear of and without deduction for or on account of any taxes (other than tax on the overall net income of the Lender) now or hereafter imposed, levied, collected, withheld or assessed by any country, state or any political sub-division or taxing authority thereof or therein or any federation or organisation of which any such country, state or any political sub-division thereof may at the time of payment be a member.

10.2 If the Borrower is prohibited by law from making payments without deduction or withholding as provided in Clause 10.1 then:

- (1) the Borrower shall ensure that such deduction and/or withholding does not exceed the minimum legal requirement;
- (2) the Borrower shall pay to the Lender such additional amounts as necessary in order that the net amounts received by the Lender, after such deduction or withholding shall equal the amount which it would have received had no such deduction or withholding been required to be made;
- (3) the Borrower shall immediately and in any event no later than the date after which penalties would attach cause to be paid over to the relevant authority the full amount of the deduction or withholding which it is required to deduct or withhold including the whole amount of any deduction or withholding from any additional amount paid pursuant to paragraph (2) above; and
- (4) the Borrower shall deliver to the Lender within thirty (30) days of payment or the due date or on demand satisfactory evidence of payment of such deduction or withholding to the relevant authority.

10.3 Without prejudice and in addition to Clauses 10.1 and 10.2, the Borrower shall fully indemnify and keep the Lender fully indemnified against all tax (other than tax on the overall net income of the Lender) now or hereafter imposed, levied, collected or assessed by the taxing authority of Hong Kong or other jurisdiction in respect of interest, front-end fees, and other sums of a similar nature paid or payable by the Borrower to the Lender under this Agreement. For the purpose aforesaid, the Borrower shall, on each occasion on which payment is made by the Borrower to the Lender in respect of interest, front-end fees and other sums of a similar nature under this Agreement, pay to the Lender such additional amount as the Lender may require to discharge such tax imposed by the taxing authority of Hong Kong or other jurisdiction on such payment.

## 11. REPRESENTATIONS AND WARRANTIES

11.1 The Borrower hereby represents and warrants to the Lender as follows:

- (1) the Borrower is duly organised and existing under the laws of British Virgin Islands, it has full power and authority to (a) own its assets, (b) carry on its business as it is now being conducted; (c) make borrowings hereunder upon the terms and conditions of this Agreement; and (d) enter into and perform its obligations under this Agreement and the Security Documents to which it is a party;
- (2) all necessary actions and authorisations under its constituent documents for the Borrower and each Security Party enter into this Agreement and the Security Documents to which it is a party and to perform its obligations hereunder or thereunder have been taken and obtained;
- (3) the execution, delivery and performance by the Borrower and the Security Party of this Agreement and the Security Documents to which it is a party will not exceed any power granted to it, or violate in any material respect any provision of (a) any law or regulation or any order or decree of any governmental agency or court to which it is subject; (b) its constituent documents; or (c) any mortgage, charge, deed, contract or other undertaking or instrument to which it is a party or which is binding upon it or its assets, and will not result in the creation or imposition of, or any obligation to create or impose, any Encumbrance on any of its assets;
- (4) this Agreement and the Security Documents constitute or will, when executed, constitute the legal, valid and binding obligations of the Borrower and the Security Party, enforceable in accordance with their respective terms;
- (5) all governmental or other authorisations, approvals and consents required for or in connection with the execution, delivery, performance, legality, validity, enforceability and admissibility in evidence of this Agreement and the Security Documents have been obtained and all such authorisations, approvals and consents are in full force and effect;
- (6) no action, suit or proceeding is pending or threatened against the Borrower, the Shareholders, the Guarantors and (save as set out in the SP Agreement) the Company before any court, board of arbitration or administrative agency or tribunal which the Lender may reasonably consider to be material on the business, assets or condition (financial or otherwise) of the Borrower, Shareholders, the Guarantors and the Company, on the ability of the Borrower and the Security Parties to perform any of their respective obligations under this Agreement and the Security Documents;
- (7) the Borrower, the Shareholders and the Guarantors have not taken any corporate action for bankruptcy, winding-up, liquidation or dissolution and no steps have been taken or proceedings started or is threatened for the bankrupt, winding-up, liquidation or dissolution of the Borrower or for the appointment of a receiver, trustee or similar officer of the Borrower;

- (8) the Borrower, the Shareholders and the Guarantors are not in default or has committed any breach of or under any agreement to which it is a party or by which it may be bound and as at the date of this Agreement, no condition, event or act exists or has occurred, which, with the lapse of time or the giving of notice or both or the fulfilment of any other condition would constitute such a default or breach;
- (9) the obligations of the Borrower and the Security Parties under this Agreement and the Security Documents rank and will continue to rank in priority to its existing and future unsecured and unsubordinated obligations except as otherwise provided by the relevant insolvency legislation affecting the rights of creditors generally;
- (10) the Borrower is not required to make any deduction or withholding from amounts payable under this Agreement or any of the Security Documents for or on account of any taxes now or hereafter imposed by any taxing authority;
- (11) the Borrower has no outstanding material indebtedness otherwise than in respect of loans from the Lender;
- (12) no Encumbrance exists over all or any of the undertaking or the present or future reserves of the Borrower;
- (13) no Event of Default has occurred or will occur as a result of the entry into this Agreement or any of the Security Documents by the Borrower and the Security Parties;
- (14) the Facility will be used solely and exclusively for the purpose set out in Clause 2.1;
- (15) if required by the Lender, the financial statements of the Borrower as delivered to the Lender pursuant to this Agreement have been prepared in accordance with generally accepted accounting principles and practices which have been consistently applied and together with the notes thereto present a true and fair view of the financial position of the Borrower, as at such date and the affairs or the results of the operations of the Borrower for the financial or calendar year ended on such date and as at such date, the Borrower did not have any significant liabilities (contingent or otherwise) which are not disclosed by, or reserved against in, such financial statements and the Borrower did not have any unrealised or anticipated losses;
- (16) there has been no material adverse change in the financial position of the Borrower and, in particular, there has been no material adverse change in the financial position of the Borrower from that set forth in the financial statements referred to in sub-paragraph (15), which might materially adversely affect its ability to perform its obligations under this Agreement and the Security Documents to which it is a party;
- (17) save for the registration in accordance with the applicable laws and regulations

in Hong Kong, it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of this Agreement or any Security Documents that it or any other instrument be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere or that any stamp, registration or similar tax or charge be paid in Hong Kong (if applicable) on or in relation to this Agreement or any Security Documents and this Agreement and each Security Document is in proper form for its enforcement in the courts of Hong Kong;

- (18) the Borrower has not made any loan or advanced any money or granted any credit to any person (save as permitted under this Agreement);
- (19) the Borrower has not incurred any material indebtedness or entered into any agreement for loans, or incurred any material liability or provided any guarantee or indemnity in respect of the liabilities of any person (save as permitted under this Agreement);
- (20) save for the SP Agreement and the Offer and any other agreement as stated under this Agreement, the Borrower has not carried on and save for holding the CHerish Shares will not engage in any other business or enter into any other agreement of business nature;
- (21) the HK\$120,000,000 deposited in the Margin Account by the Borrower is solely for the purpose of payment of the consideration under the SP Agreement and for the acceptances of the Offer from time to time;
- (22) the Borrower does not have any subsidiaries or any shareholding or interests in any other companies other than the Company, the Company's subsidiaries and the Company's shareholder or interests in any other companies upon completion of the SP Agreement;
- (23) the Borrower shall at its own costs procure that the CHerish Shares acquired by the Borrower under the SP Agreement or pursuant to the Offer shall during the subsistence of this Agreement be registered in the name of the Lender or such nominees (including HKSCC Nominees Limited) as the Lender may direct and remain deposited in the Margin Account; for the avoidance of doubt, subject to the Security Documents and other encumbrances be set on the CHerish Shares so deposited from time to time, the beneficial title of the CHerish Shares shall at all time be vested in the Borrower;
- (24) the Borrower shall provide the same representations and warranties provided by the Vendor under the SP Agreement in relation to the Company and its subsidiaries and that all these representations and warranties shall remain valid and accurate during the term of the Facility and provides the same in this Agreement in favour of the Lender;
- (25) the Borrower represents and warranties that there is no indication, implication or investigation (whether verbal or in writing) from the Stock Exchange of Hong Kong Limited or any regulatory authorities that CHerish and its shares of which are pledged by the Borrower as collateral under the Security Documents is no longer suitable for listing or there are any changes in the



financials or the operations of CHERish or any of its subsidiaries or associated companies which have adversely affected the listing status of CHERish (including but not limited to cash company or reverse takeover) and the Borrower undertakes that they will notify the Lender immediately if there is any of the above indication during the Facility period.

For the avoidance of doubt, any representations and warranties relating to the Company shall be effective only upon completion of the SP Agreement.

11.2 The Borrower hereby further represents, warrants and agrees that each of the representations and warranties contained in Clause 11.1 shall be correct and complied with in all respects from the date of this Agreement and as long as any part of the Facility or interest thereon or any other amounts payable hereunder or under the Security Documents remain outstanding and shall without prejudice to the foregoing be deemed to be repeated on the date on which each Advance is made.

11.3 The Borrower hereby acknowledges that the Lender has agreed to make the Facility available to the Borrower in reliance upon the representations and warranties contained in Clause 11.1.

11.4 The Borrower hereby declares that the information provided for the grant of the Facility and during the Facility period are accurate and true. If there are any false, misleading or deceptive statement, representation or promise, or by any dishonest concealment of facts, the Borrower acknowledges that such act will be constituted as a fraud and committed a criminal offence. The Lender shall have the absolute right to pursue legal action against the Borrower for the advancement of Facility under fraudulent inducement and to report the case to police for further action notwithstanding the Borrower has gone bankrupt or not.

## 12. COVENANTS

12.1 The Borrower hereby covenants and agrees with the Lender from the date of this Agreement and as so long as any part of the Facility or interest thereon or any other amounts payable hereunder or under the Security Documents remain outstanding, it shall and shall procure the Security Parties shall (where applicable), subject to compliance with all relevant laws, rules and regulations (including but not limited to The Rules Governing The Listing Of Securities on the Stock Exchange (the "*Listing Rules*")):

- (1) maintain its corporate existence and carry on and conduct its business in a proper and efficient manner;
- (2) promptly advise the Lender in writing of details of any litigation, arbitration or administrative proceeding which would have rendered the representations and warranties contained in Clause 11.1 incorrect had the same been current or threatened as at the date hereof immediately upon occurrence of the same;
- (3) keep proper records and books of account and prepare all financial statements to be delivered under this Agreement in accordance with generally accepted accounting principles and practices in Hong Kong (if applicable) consistently applied in all cases;

- (4) if required by the Lender and if any, furnish to the Lender as soon as practicable copies of its audited balance sheet and profit and loss account together with the reports of its board of directors and auditors thereon certified by auditors acceptable to the Lender as having been prepared in accordance with generally accepted accounting principles in Hong Kong (if applicable), consistently applied in all cases (excepted as noted) and giving a true and fair view of its financial condition and such other financial statements (if any) as are required by law and a certificate signed by one of the directors of the Borrower, to the effect that, to the best of his knowledge and belief after due and careful enquiry, there was no Event of Default at the date of such balance sheet and since that date no Event of Default had occurred;
- (5) if required by the Lender, furnish to the Lender as soon as practicable the unaudited balance sheet and profit and loss account and such other financial statements (if any) of the Borrower and shall prepare annual financial statements in accordance with generally accepted accounting principles and practices in Hong Kong (if applicable) consistently applied in respect of each financial year and cause the same to be reported on by its auditors;
- (6) if required by the Lender, procure the Security Parties to provide the Lender as soon as reasonably practicable with all financial information relating to the Security Parties and shall prepare annual financial statements in accordance with generally accepted accounting principles and practices in Hong Kong (if applicable) consistently applied in respect of each financial year and cause the same to be reported on by its auditors;
- (7) deliver to the Lender within the period specified in any notice from the Lender, all such other information relating to the condition (financial or otherwise) of the Security Parties as the Lender may request;
- (8) in all respects observe and comply with the covenants and obligations under this Agreement, the Security Documents and other documents to which it is a party;
- (9) procure or provide access to all the books and records of the Borrower at all reasonable times to the Lender and any persons nominated by the Lender who may take extract therefrom or take copies thereof for the purposes of evaluating the financial position of the Borrower;
- (10) obtain and promptly renew from time to time and comply with the terms of all consents, licences, approvals or authorisations of all governmental agencies of any country or state or political subdivision thereof required for in connection with the execution, delivery, performance, validity, enforceability and admissibility in evidence of this Agreement and the Security Documents and deliver or cause to be delivered to the Lender evidence of renewal of and compliance with the terms of all such consents, licences, approvals or authorisations;
- (11) promptly advise the Lender upon becoming aware of (i) any Event of Default; or (ii) any material adverse factor which may inhibit the Borrower or any of

the Security Parties in the performance of its obligations under this Agreement and the Security Documents to which it is a party;

- (13) comply, and procure the Borrower to comply, with the terms and conditions of all applicable laws, regulations, agreements, licences and concessions in all material aspects at all times;
- (14) inform the Lender if there is any material adverse change to the financial position and there is any change in the nature of the business of the Company and its subsidiaries;
- (15) will not sell, transfer or otherwise dispose of its equity interests in the Company or any part thereof or create any Encumbrance over its equity interests in the Company or any part thereof unless with the prior written consent of the Lender;
- (16) ensure that the shares of the Company shall remain so listed on the Stock Exchange throughout the term of this Agreement save for trading halts;
- (17) all CHERISH Shares acquired by the Borrower pursuant to the completion of the SP agreement and the Offer shall be deposited into Margin Account pursuant to the CHERISH Shares Charge; and thereafter as so long as any part of the Facility or interest thereon or any other amounts payable hereunder or under the Security Documents remains outstanding, unless with the written consent by the Lender, the Borrower shall, by repaying fully or partially the outstanding amounts or by depositing additional CHERISH Shares into the Margin Account immediately, maintain a Security Ratio at or below the Max Security Ratio and the CHERISH Shares in the Margin Account shall not in any event constitute less than 51% of the total enlarged issued share capital (on a fully diluted basis taking into account all outstanding dilutive instruments issued by the Company from time to time) of the Company;
- (18) other than the Securities Documents, the Borrower has no outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans or other similar indebtedness, financial facilities, finance leases or hire purchase commitments or any guarantees or other material contingent liabilities;
- (19) the Borrower shall obtain prior written consent of the Lender whenever the Company incurred indebtedness or entered into any loans or commitment (other than day-to-day expenses of the Company) (including any corporate guarantee made by the Company in favour of any third parties or its group companies);
- (20) the Borrower shall obtain prior written consent of the Lender whenever the Company conduct any exercise or enters into any agreement which will dilute the collateral of the CHERISH Shares under the Security Document, unless the Borrower shall, by repaying fully or partially the outstanding amounts or by depositing additional CHERISH Shares into the Margin Account immediately upon the Company enters into agreement or makes announcement on such

transactions, maintain a Security Ratio (assuming the transaction has been completed and the dilutive instruments have been exercised) at or below the Max Security Ratio and the CHERish Shares in the Margin Account shall not in any event constitute less than 51% of the total enlarged issued share capital (on a fully diluted basis assuming such transaction has been completed and taking into account all outstanding dilutive instruments being issued and to be issued by the Company from time to time) of the Company, in such event the Borrower shall notify the Borrower of such exercise of the Company; and

- (21) if the Borrower acquires CHERish Shares under the Offer and resulting it interested in more than 75% of the issued share capital of the Company, the Borrower shall place down the CHERish Shares to maintain the public float of the Company.

12.2 The Borrower hereby covenants and agrees with the Lender that from the date of this Agreement and as long as any part of the Facility or interest thereon or any other amounts payable hereunder or under the Security Documents remain outstanding, it will not, without the prior written consent of the Lender (which consent shall not be unreasonably withheld or delayed):

- (1) amend or permit any amendments to be made to its constituent documents or merge, consolidate or amalgamate with any entity;
- (2) permit any transfer of shares in its issued capital or warrants, or any allotment or issue or enter into agreement for the allotment or issue of any further shares or subdivide or consolidate all or any of its shares or change of the nominal value or the rights attaching to any such shares;
- (3) save as permitted by this Agreement, dispose of the whole or any part of its undertaking or assets;
- (4) except pursuant to or permitted by this Agreement or liens arising solely by operation of law, create or permit to exist any Encumbrance over the whole or any part of its assets;
- (5) lend any money or extend any credit;
- (6) save pursuant to this Agreement, give any guarantee or enter into any indemnity and undertaking or other deed imposing obligations or liabilities on its part in respect of any indebtedness or obligation of any other person;
- (7) make any payment to its shareholders, any of their associate or any company controlled by any of them by way of dividend, distribution, return of capital or other payment howsoever in respect of any of its shares or otherwise;
- (8) save for the acquisition of the CHERish Shares under the SP Agreement and the Offer, acquire beneficial or legal ownership of any shares, rights, or securities of or in any other company or any assets or undertakings or undertake any trade or business;

- (9) save for this Agreement, enter into any loan, credit or other borrowing arrangement with any third party or directors or shareholders of the Borrower except in connection with making of the Offer;
- (10) issue or agree to issue, grant or agree to grant any new shares, debentures or bonds or any option to subscribe for new shares, debentures or bonds issued by it;
- (11) alter its financial year end;
- (12) take any action to wind-up or liquidate itself;
- (13) alter the rights attaching to any of its shares;
- (14) enter into any material contract with any of its shareholders or associates;
- (15) alter the composition of the board of its directors by appointing new directors or resigning existing directors;
- (16) change its dividend policy;
- (17) make any capital commitment;
- (18) make any material change to remuneration package to its directors;
- (19) save as set out in this Agreement and the Security Documents, create any Encumbrance over the Borrower's assets; and
- (20) unless with prior written notice to the Lender, change the Borrower's director and shareholders.

12.3 The Borrower hereby repeats the covenants made by the Borrower in the SP Agreement and provides the same in this Agreement in favour of the Lender, insofar as applicable.

### **13. EVENTS OF DEFAULT**

13.1 There shall be an Event of Default if any one of the following events shall have occurred or is continuing:

- (1) the Borrower fails to pay in accordance with the terms of this Agreement and the Security Documents when due, including all interests and commitment fees;
- (2) the Borrower, the Shareholders, the Guarantors or any of the Securities Parties, fails to duly perform or observe any of its obligations or in breach of the covenants under any of this Agreement and the Security Documents;
- (3) any of the representations or warranties given by the Borrower or any of the Security Parties contained in this Agreement and the Security Documents proves to have been untrue or incorrect when made or deemed to have been

made;

- (4) the Borrower and any of the Security Parties becomes bound to repay prematurely any other loan or other obligation for borrowed money by reason of a default by it or if it fails to make any payment in respect thereof on a due date for such payment or becomes bound to make payment under any guarantee given by it by reason of a default by the principal debtor or if it fails to make any payment in respect thereof on the due date for such payment or any present or future security on or over any asset of the Borrower, any of the Security Parties or the Company becomes enforceable;
- (5) any decree or order is made by any competent court adjudging the Borrower, any of the Security Parties or the Shareholders or the Guarantors or the Company insolvent or bankrupt under the insolvency or bankruptcy laws of any jurisdiction to which it may be subject or is threatened for bankrupt or winding-up, liquidation or dissolution of the Borrower or the Company or the Shareholders or the Guarantors or any order or application is made for the appointment of any liquidator, receiver, trustee, curator or sequestrator or other similar official of the Borrower, any of the Security Parties or the Company in respect of all or a substantial part of its assets (save for the purposes of an amalgamation, merger or reconstruction not involving insolvency the terms of which shall have received the prior written approval of the Lender);
- (6) the Borrower or the Company becomes insolvent, is unable to, or shall admit inability to pay its debts as they fall due; stops payment to creditors generally or ceases or threatens to cease to carry on its business or any substantial part thereof; disposes or threatens to dispose of all or a substantial part of its assets; proposes or takes any action for readjustment, rescheduling, deferral or a moratorium of all or part of its debts; proposes or enters into any composition, arrangements with or any assignment for the benefit of its creditors generally;
- (7) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of the Borrower or the Company and is not discharged or stayed within seven (7) days or a judgment of any court is not discharged within thirty (30) days unless an appeal therefrom has been duly lodged during the said thirty (30) day period and execution is stayed pending appeal;
- (8) any consent, licence, approval or authorisation of any governmental agency of any country or state or political subdivision thereof required for or in connection with the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of this Agreement, the Security Documents or any of them is revoked or withheld or materially modified or otherwise ceases to be in full force and effect;
- (9) the Borrower having given notice fails to make prepayment hereunder or otherwise fails to make prepayment under Clause 7;
- (10) this Agreement and the Security Documents or any of them ceases to be in full force and effect or the validity or enforceability thereof or any indebtedness or

any other material obligation of the Borrower or other obligor hereunder or thereunder is disaffirmed by or on behalf of the Borrower or such obligor;

- (11) any step is taken by any person for the winding-up, liquidation, dissolution or bankruptcy of the Borrower, any of the Security Parties or the Company;
- (12) (a) the Borrower or any of the Security Parties (i) repudiates this Agreement or any of the Security Documents, (ii) does or causes to be done any act or thing evidencing an intention to repudiate this Agreement or any of the Security Documents, or (b) any action or proceeding of or before any court or authority shall have been commenced (and not withdrawn or dismissed within a period of fourteen (14) days after its commencement) (X) to restrain the performance of and compliance with any obligations expressed to be assumed by the Borrower or any of the Security Parties in this Agreement or the Security Documents to which any of it is party, or (Y) in any event to question (AA) the right and power of the Borrower or any of the Security Parties to enter into, exercise its rights under and perform and comply with any obligations expressed to be assumed by any of it in this Agreement or the Security Documents or (BB) the legality, validity and enforceability of this Agreement or the Security Documents;
- (13) it is or will become unlawful for the Borrower or any of the Security Parties to perform or comply with any one or more of their respective obligations under this Agreement and the Security Documents;
- (14) there should occur a material adverse change in the financial condition of the Borrower, any of the Security Parties or the Company affecting the Borrower's ability to repay or the value of the securities charged under the Security Documents;
- (15) anything is done or omitted by the Borrower, any of the Security Parties that materially affects the ability of the Borrower, any of the Security Parties to perform their respective obligations under this Agreement or the Security Documents to which any of them is a party;
- (16) breach under the Security Documents shall have occurred or is continuing;
- (17) any event occurs or proceeding is taken with respect to the Borrower, any of the Security Parties or the Company in any jurisdiction to which it is subject which has an effect which is equivalent or similar to any of the events mentioned in sub-clauses (6), (7) and (11);
- (18) the Borrower, any of the Security Parties or the Company defaults or receives notice of default under any agreement or obligation whether relating to borrowing or other indebtedness of the Borrower, any of the Security Parties or the Company becomes payable, or capable of being, or is declared payable before its stated maturity or is not paid when due or any security interest, guarantee or other security now or hereafter created by the Borrower or any of the Security Parties or the Company becomes enforceable;

- (19) the shares of the Company cease to be listed on the Stock Exchange or are suspended for the trading on the Stock Exchange for more than 10 consecutive trading days other than pending clearance of the announcement(s) in relation to the SP Agreement and the Offer;
- (20) the Borrower or any of the Security Parties fails to comply with, or does not diligently perform any of its duties and obligations under, all applicable laws, rules, codes, regulations, consents, licences, approvals and authorisations;
- (21) any lawful step is taken by any person for the purpose of a reconstruction, amalgamation, reorganisation or take-over involving the Borrower, any of the Security Parties or the Company, save for the Offer;
- (22) there is indication (whether verbal or in writing) from the Stock Exchange or any regulatory authorities that the Company is no longer suitable for listing or the financials or the operations of the Company or any of its subsidiaries or associated companies have adversely affected the listing status of the Company (including but not limited to cash company or reverse takeover);
- (23) this Agreement or any of the Security Documents is invalid, void or unenforceable;
- (24) the failure of the Borrower to deposit the CHerish Shares acquired by the Borrower under the SP Agreement into the Margin Account;
- (25) after the close of the Offer and until the Repayment Date, if market price of the CHerish Shares drops below HK\$0.36 per share and the Borrower fails to repay such amount of the outstanding indebtedness of the Facility as requested by the Lender within THREE (3) Business Days; for the avoidance of doubt, this Agreement, the Security Document and/or the standard terms of the Margin Account shall not apply to allow the Lender to dispose the CHerish Shares in the Margin Account unless the Borrower is in breach of this Agreement and such disposal is in accordance with the Security Document;
- (26) there is any breach of the terms and conditions of the SP Agreement by the Borrower (whether or not such breaches amount to termination of the SP Agreement);
- (27) the SP Agreement cannot become unconditional or the SP Agreement has been lapsed or terminated;
- (28) the Offer lapses or is terminated for any reasons (including but not limited to any breach of the Code or the Listing Rules by the Borrower or the Company);
- (29) the terms of the Offer (including the period of offer or the offer price of the Offer) have been revised other than those set out in the announcement(s) to be made by the Borrower in relation to the Offer, save for any revision due to any delay in despatch of the Offer document;
- (30) the Offer does not commence in accordance with the rules under the Code,



save for any delay in despatch of the Offer document;

- (31) save as permitted under the SP Agreement, there is a change in control/board of directors of the Company, and the Borrower without the knowledge of the Lender;
- (32) the Company issues an announcement or financial results which states that there is a material adverse change in the financial condition of the Company;
- (33) save for completion of the SP Agreement, there is a change in control (as defined in the Code) of the Company;
- (34) without the prior written consent by the Lender, if there is any exercise of the Company that will dilute the collateral of CHERish Share under the Security Document to the effect that such collateral of CHERish Share will constitute less than 51% of the total enlarged issued share capital of the Company (on a fully diluted basis assuming such exercise has been completed and taking into account all outstanding dilutive instruments issued by the Company from time to time) immediately after such dilution;
- (35) there is enquiry or investigation by the Stock Exchange of Hong Kong Limited or the Securities and Futures Commission or any other regulatory authorities on the Vendor under the SP Agreement; the Borrower and CHERish (including but not limited to its shareholders, directors, stock trading or the financials of CHERish and its subsidiaries) that would affect the listing status and/or causing an impact on the financial conditions of the Company and/or the Securities Documents;
- (36) there is indication, implication or investigation (whether verbal or in writing) from the Stock Exchange or any regulatory authorities that CHERish and its shares of which are pledged by the Borrower as collateral under the Security Documents is no longer suitable for listing or there are any changes in the financials or the operations of CHERish or any of its subsidiaries or associated companies which have adversely affected the listing status of CHERish (including but not limited to cash company or reverse takeover) and the Borrower fails to notify the Lender immediately if there is any of the above indication during the Facility period; and
- (37) if there is announcement issued by CHERish in relation to substantial loss, insufficient cashflow, material litigation and insufficient operation.

13.2 Upon the occurrence of an Event of Default and at any time thereafter, the Lender may by notice in writing to the Borrower:

- (1) declare the Facility, all interest accrued thereon and all other monies payable under this Agreement to be forthwith due and payable whereupon the same shall be forthwith due and payable; and/or
- (2) declare all or any part of the security constituted under the Security Documents to be immediately enforceable whereupon the same shall become

immediately enforceable,

and the Facility will be terminated and all the obligations of the Lender under this Agreement shall lapse.

#### 14. INDEMNITIES

14.1 Without prejudice to any other right or remedy of the Lender, upon:

- (1) the occurrence of an Event of Default; and/or
- (2) the declaration of the Facility to be immediately due and payable pursuant to Clause 13.2 or otherwise in accordance with the terms of this Agreement; and/or
- (3) the Borrower failing to drawdown the relevant Advance or satisfy conditions precedent after having delivered a Notice of Drawing; and/or
- (4) any repayment or prepayment being made otherwise than in accordance with the terms hereof (save and except with the prior consent of the Lender); and/or
- (5) any sums payable by the Borrower under this Agreement not being paid when due, and at any time thereafter,

the Borrower shall pay to the Lender on demand such amount or amounts as shall fully indemnify the Lender against all losses, expenses and liabilities which the Lender may sustain or incur by reason of the occurrence of any of the foregoing including but not limited to any loss, expense, premium or penalties suffered or incurred by the Lender in liquidating or re-employing deposits from third parties acquired to effect or maintain the Facility or any part thereof, save for occurrence of any of the foregoing as a result of gross negligence, wilful default or wilful misconduct on the part of the Lender and/or its employees. A certificate of the Lender setting forth the amount of such losses, expenses and liabilities and specifying the basis therefor shall, in the absence of manifest error, be conclusive and binding on the Borrower.

14.2 Any payment made to the Lender by or on behalf of the Borrower in a currency (the “**Currency of Payment**”) other than the currency in which the payment should have been made pursuant to this Agreement or the Security Documents or any of them (the “**Currency of Obligation**”) in whatever circumstances including without limitation the payment of damages for breach of this Agreement or the Security Documents or any of them shall only constitute a discharge to the Borrower to the extent of the amount of the Currency of Obligation which the Lender is able, on the Business Day following the date of receipt by it of such payment in the Currency of Payment, to purchase in the foreign exchange market of its choice with the amount so received. If the amount of the Currency of Obligation which the Lender is so able to purchase falls short of the amount originally due to the Lender hereunder, the Borrower shall fully indemnify and hold the Lender harmless against any loss or damage arising as a result. This indemnity shall constitute a separate and independent obligation from the other obligations herein and shall give rise to a separate and independent cause of action.

**15. COSTS**

15.1 The Borrower shall pay to the Lender on demand on a full indemnity basis of all costs, charges and expenses (including legal fees on a full indemnity basis) incurred by the Lender in connection with the perfection and enforcement of the security created by this Agreement and the Security Documents or the preservation, enforcement, exercise or intended or attempted exercise of any of the rights, powers or remedies of the Lender hereunder or thereunder or otherwise in connection with the Facility or the admissibility in evidence of this Agreement and the Security Documents.

**16. RIGHT OF SET-OFF**

16.1 Without prejudice to any other right or remedy of the Lender, the Borrower hereby authorises the Lender without notice notwithstanding any settlement of account or other matter whatsoever combine or consolidate all or any then existing accounts (whether current, deposit, loan or of any other nature whatsoever) and whether in Hong Kong dollars or in any other currency of the Borrower maintained with the Lender whether alone or jointly with others and to apply (to the extent of the available credit balance) any credit balance (whether or not then due) to which the Borrower is entitled on any one or more of such accounts in or towards satisfaction of any liabilities of the Borrower to the Lender under this Agreement or the Security Documents to which the Borrower is a party whether such liabilities be present, future, actual, contingent, primary, collateral, several or joint. For the purposes aforesaid, the Lender may use all or any part of such credit balance to buy such other currencies as may be necessary to effect such application or set-off.

16.2 If all monies payable under this Agreement and the Security Documents become due and payable pursuant to a declaration under Clause 13.2, all monies received or recovered by the Lender under this Agreement and the Security Documents shall be applied, subject to any prior ranking claims, and subject to the right of the Lender to credit any such monies to a suspense account as follows:

- (1) in or towards the discharge of, on a full indemnity basis, all costs, expenses and charges (including legal fees) incurred by the Lender in connection with the perfection and enforcement of this Agreement and the Security Documents and the preservation or exercise or intended or attempted exercise of any rights, powers and remedies hereunder or thereunder or otherwise in connection with the Facility or the admissibility in evidence of this Agreement and the Security Documents;
- (2) in or towards the discharge of fees and all other amounts (other than the Facility and interest payable by the Borrower under this Agreement and the Security Documents) payable by the Borrower pursuant to, under or in connection with this Agreement and the Security Documents;
- (3) in or towards the discharge of interest (including default interest) payable by the Borrower pursuant to, under or in connection with this Agreement and the Security Documents;
- (4) in or towards the discharge of the Facility; and

- (5) as to the balance, subject to the rights of any third parties of which the Lender has actual notice, to the Borrower.

## **17. CONFIDENTIALITY**

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

17.2 Each of the parties undertakes to the other of them that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or regulations or request of the Stock Exchange or the Securities and Futures Commission or any other regulatory body or authority, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the other party which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.

## **18. NOTICES**

18.1 All notices or communications required to be served or given pursuant to this Agreement:

- (1) shall be in writing and may be sent by prepaid postage, mail (by airmail if to another country) or facsimile (but, if by facsimile from the Borrower, shall promptly be confirmed by mail) or personal delivery;
- (2) shall be sent to the parties at the facsimile number or address from time to time designated in writing by that party to the other; the initial facsimile number and address so designated by each party being set out in Schedule 1;
- (3) if sent by the Borrower shall be irrevocable and shall not be effective until actually received by the Lender;
- (4) if sent to the Borrower shall be deemed to have been given and received by the Borrower (a) within three (3) days after the date of posting, if sent by mail; (b) when delivered, if delivered by hand; and (c) on despatch, if sent by facsimile; and
- (5) shall be in the English language.

**19. MISCELLANEOUS**

19.1 A certificate issued by the Lender as to any sum payable by the Borrower under this Agreement and any other certificate, determination, notification or opinion of the Lender provided for in this Agreement shall, in the absence of manifest error, be conclusive evidence against the Borrower.

19.2 If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

19.3 Save as may be expressly otherwise provided herein, time is of the essence of this Agreement but no failure or delay on the part of the Lender to exercise any power, right or remedy hereunder shall operate as a waiver thereof nor shall a waiver by the Lender of any particular default by the Borrower affect or prejudice the right, power or remedy of the Lender in respect of any other default or any subsequent default of the same or a different kind nor shall any single or partial exercise by the Lender of any power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any power, right or remedy.

19.4 No power, right or remedy conferred under this Agreement and the Security Documents upon the Lender is intended to be exclusive of any other power, right or remedy but shall be cumulative and shall be in addition to every other power and remedy now or hereafter existing at law, in equity, by statute or contract or otherwise.

19.5 No waiver of any Event of Default shall be effective unless in writing signed by the Lender.

19.6 This Agreement and the Security Documents may not be amended save in writing duly signed by all parties hereto and thereto.

19.7 The Lender may grant waivers, consents or indulgence in respect of any one or more obligations of or conditions or requirements imposed on or applied to the Borrower under or in connection with this Agreement including without limitation any condition or requirement applicable to the making of an Advance under the Facility, or prepayment of the Facility and any such waiver, consents or indulgence may be given subject to such terms and conditions as may be imposed by the Lender.

**20. ASSIGNMENT**

20.1 This Agreement shall enure to the benefit of the parties hereto and their respective successors, assignees and transferees.

20.2 The Borrower may not assign any of its rights or obligations under this Agreement.

20.3 The Lender may at any time without the consent of the Borrower assign its rights and benefits hereunder or any part thereof to any one or more persons on such terms

and conditions as it may deem fit. The assignee lender(s) shall have the same rights and benefits and/or obligations against the Borrower under this Agreement as if it/they were an original party thereto in respect of the rights and benefits and/or obligations assigned to it/them. The Lender may disclose to a potential assignee or any other person proposing to enter into contractual arrangements with it in relation to this Agreement such information about the Borrower as it may think fit.

## **21. LAW AND JURISDICTION**

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

21.2 The Borrower hereby irrevocably submits to the jurisdiction of the courts of Hong Kong and of any country in which it has assets and hereby irrevocably waives any objection to any proceedings in any such courts on the basis of forum non conveniens. The Borrower agrees that a judgment in any proceedings brought in any such courts may be enforced in any other jurisdiction by suit on the judgment or in any other manner permitted by law.

21.3 The submission in Clause 21 is non-exclusive and the Lender reserves the right to proceed in any other jurisdiction having or claiming or accepting jurisdiction in respect thereto.

## **22. PROCESS AGENT**

The Borrower, the Shareholders and the Guarantors shall at all times maintain one and the same agent to accept service of process in Hong Kong. Such agent shall be Interglobe Corporate Solution Limited of Unit 1102 on 11<sup>th</sup> Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Hong Kong and any writ, judgment or other notice of legal process or proceedings shall be validly served on the Borrower, the Shareholders and the Guarantors if delivered by hand or send by prepaid ordinary post to such agent at the aforesaid address. The Borrower, the Shareholders and the Guarantors (where applicable) shall inform the Lender in writing of any change in the address of such process agent within 7 days thereof. Each of the Borrower, the Shareholders and the Guarantors jointly and severally undertakes not to revoke the authority of the above agent during the loan period and it is deemed to be good service when documents is being served to the process agent.

### **IMPORTANT NOTE :**

**Please note that it is an offence for a person to fraudulently induce the Lender to lend money by false or misleading statement or dishonest concealment of material facts.**

**Schedule 1**

**Address and Facsimile Number for Notification**

<u>Party</u>	<u>Address</u>	<u>Facsimile number</u>
<u>The Borrower</u>	Unit 1102, 11/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Hong Kong.  Contract Person: Miss Mabel Lau Contract No.: 3798 4128 / 3583 3340	+852-3585-6021
<u>The Lender</u>	23-24 Floors, Emperor Group Centre, No.288 Hennessy Road, Wanchai, Hong Kong	+852-2574-2622

**Schedule 2**

**Notice of Drawing**

To: Emperor Securities Limited

We refer to the loan agreement dated [●] (the “**Loan Agreement**”) pursuant to which you have agreed to advance a Facility in the aggregate principal amount of HK\$[●] to us.

We hereby:

- (1) give you notice that we intend to make a drawing of HK\$[●] on [●] from the Facility;
- (2) certify that no Event of Default or condition, act or event which, with the giving of notice or lapse of time or both or the fulfillment of any other condition would constitute an Event of Default has occurred, is continuing or would result from the drawing requested hereunder; and
- (3) represent and warrant that the representations and warranties set out in Clause 11 of the Loan Agreement are true and correct on the date hereof with reference to the facts and circumstances now existing.

We hereby irrevocably authorise and direct you to pay the amount to [●]. Acknowledge receipt by the recipient shall be deemed as our receipt of the drawdown sum.

Expressions capitalised and not defined in this Notice of Drawing shall have the meanings attributed thereto in the Loan Agreement.

For and on behalf of

[ ]

[insert name] [CHOP]

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Name: [●]

Title: Director



IN WITNESS hereof the parties hereto have duly executed this Agreement the day and year first above written.

**THE BORROWER**

Signed by ZHANG CHENGZHOU )  
for and on behalf of CHINA CENTURY )  
HOLDINGS LIMITED )  
in the presence of: )

For and on behalf of  
China Century Holdings Limited

  
.....  
Authorized Signature(s)

**WONG, Hai**  
**Solicitor, Hong Kong SAR**  
**LC Lawyers LLP**



**THE LENDER**

Signed by DAISY YEUNG )  
for and on behalf of )  
EMPEROR SECURITIES LIMITED )  
in the presence of: )

For and on behalf of  
EMPEROR SECURITIES LIMITED  
英皇證券(香港)有限公司  
.....  
Authorized Signature(s)

**HOM MUN YEE CAROLINE**  
**Solicitor of the High Court of the**  
**Hong Kong Special Administrative Region**