

DATED

21 December 2017

OPTION DEED

Between

SUCCESS ASIA GLOBAL LIMITED
(成亞環球有限公司)

and

CAVALLI ENTERPRISES INC.

and

GE YI (戈弋)

RPC
11th Floor
Three Exchange Square
8 Connaught Place
Central, Hong Kong

Ref: JC16/HUA4.2

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THIS DEED is made and delivered as **DEED** on 21 December 2017

Between:

- (1) **SUCCESS ASIA GLOBAL LIMITED** 成亞環球有限公司, a company incorporated under the laws of the British Virgin Islands with company number 1904520, whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and principal place of business in Hong Kong is at Level 29, One Pacific Place, 88 Queensway, Hong Kong (**Success**);
- (2) **CAVALLI ENTERPRISES INC.**, a company incorporated in the British Virgin Islands with company number 1637022 whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (**Cavalli**); and
- (3) **GE YI (戈弋)**, an individual holding PRC Identity Card No. 130923198110030032 and residing at 3-3103 Jianwai Da Jie Dong Fang, Rui Jing, Beijing 100000, People's Republic of China (the **Guarantor**),

each a **Party** in this Deed and together, the **Parties**.

Background:

- (A) On or shortly after the date of this Deed, Success will acquire the Option Shares pursuant to the SPA. As the future owner of the Option Shares, Success has agreed to enter into a put, call, credit default and preferential sale options with Cavalli pursuant to the terms of this Deed.
- (B) In consideration of Success entering into the options, Cavalli has agreed to provide certain collateral pursuant to the terms of the Security Documentation and this Deed.
- (C) The Guarantor is the sole beneficial owner of the entire issued share capital of Cavalli and is party to this Deed to personally guarantee the obligations and liabilities of Cavalli.

THE PARTIES AGREE as follows:

1. **INTERPRETATION**

- 1.1 The definitions and rules of interpretation in this clause apply in this Deed.

Business Day: a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a "black" rain warning signal is hoisted in Hong Kong at any time between 9.00am and 5.00pm) on which banks are open in Hong Kong for general commercial business.

Call Option: the option granted to Cavalli pursuant to the terms of clause 3.

Call Option Exercise Notice: has the meaning given in clause 3.2.

Call Option Period: the period of time of the seven calendar days (inclusive) before the expiry date of the Lock-up Period.

Call Option Price: the aggregate consideration amount of 113% of the Investment Capital in cash (being Hong Kong dollars).

CCASS: the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited.

Charge Ratio: the aggregate amount of cash based on the following formula:

$$CR = A / (B+C)$$

where

“CR” = the Charge Ratio

“A” = number of Option Shares then held by Success multiplied by the SPA Sale Price

“B” = Market Capitalisation

“C” = value of Charged Assets

For the avoidance of doubt, the value of the Charged Assets shall be determined on the basis of the aggregate value of (i) the Charged Cash, (ii) the value of the Charged Shares calculated in accordance with clause 1.14 and (iii) the fair market value of the other assets charged in favour of Success pursuant to the terms of the Security Documentation and this Deed. Success shall have the absolute discretion to determine the fair market value of the other assets being either their market value or the value assessed by an independent third party valuer appointed by Success, in its discretion.

Charged Asset(s): means the Charged Shares and Charged Cash held in the Custodian Account, and any other asset(s) held, pursuant to the Security Documentation from time to time.

Charged Cash: a certain amount of Hong Kong dollars owned by Cavalli but held in the Custodian Account pursuant to the Security Documentation.

Charged Shares: a certain amount of ordinary shares in the Company or another listed entity owned by Cavalli but held in the Custodian Account pursuant to the Security Documentation.

Company: Tsaker Chemical Group Limited (彩客化學集團有限公司), a company incorporated in the Cayman Islands and the Shares of which are listed on the Stock Exchange (stock code: 1986).

Completion: the completion of the sale of Option Shares pursuant to the Call Option, the Put Option, Credit Default Option or the Preferential Sale (as applicable).

Confidential Information: information relating to the provisions of, and negotiations leading to, this Deed (and includes written information and information transferred or obtained orally, visually, electronically or by any other means).

Connected Person: has the meaning defined in the Listing Rules.

Consideration: the purchase price for the Option Shares payable by Cavalli on Completion in accordance with clause 3.2.2 (in respect of the Call Option), clause 4.3.3 (in respect of the Put Option), clause 5.2.3 (in respect of the Credit Default Option) or clause 8.1.3 (in respect of the Preferential Sale).

Credit Default Option: has the meaning given in 0.

Credit Default Option Price: the sale price per Credit Default Option Sale Share determined based on the following formula:

$$CDOP = A \times (1 + 26\% \times B / 24 \text{ Months})$$

where

“CDOP” = the Credit Default Option Price

“A” = SPA Sale Price

“B” = the number of days that Success owns the Option Shares commencing on the SPA Completion Date

For the avoidance of doubt, “24 Months” shall mean 730 days.

Credit Default Option Amount: the Credit Default Option Price multiplied by the number of Credit Default Option Sale Shares.

Credit Default Option Exercise Notice: has the meaning given in clause 5.2.

Credit Default Option Period: the period of time starts from the SPA Completion Date and ends one year after the expiry of the Lock-up Period.

Credit Default Option Sale Shares: has the meaning given in clause 5.2.2.

Custodian: has the meaning given with the Security Documentation.

Custodian Account: has the meaning given with the Security Documentation.

Governmental Entity: any supra-national, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority, including the Stock Exchange.

Guarantee: the guarantee given by the Guarantor as set out in clause 12.

Initial Charge Ratio: the aggregate amount of cash based on the following formula:

$$ICR = A / (B+C)$$

where

“CR” = the Initial Charge Ratio

“A” = Investment Capital

“B” = number of Option Shares acquired at the SPA Completion Date multiplied by the closing price per Share quoted on the daily quotation sheet of the Stock Exchange on the SPA Completion Date

“C” = value of Charged Assets as at the SPA Completion Date

For the avoidance of doubt, the value of the Charged Assets shall be determined on the basis of the aggregate value of (i) the Charged Cash (as at the SPA Completion Date) and (ii) the value of the Charged Shares calculated in accordance with clause 1.14 (as at the SPA Completion Date).

Investment Capital: HK\$91,872,000 (ninety-one million, eight hundred and seventy-two thousand), being the total aggregate consideration paid for the Option Shares by Success on or about the date of this Deed, representing the SPA Sale Price multiplied by the number of Option Shares acquired by Success pursuant to the terms of the SPA.

Listing Rules: the Rules Governing the Listing of Securities on the Stock Exchange.

Lock-up Period: has the meaning given in clause 2.

Market Capitalisation: the aggregate amount of cash based on the following formula:

$$MC = A \times B$$

where

“MC” = Market Capitalisation

“A” = number of Option Shares then held by Success (subject to adjustment as a result of any consolidation, subdivision, reclassification of Shares or declaration and payment of scrip dividend)

“B” = the closing price per Share quoted on the daily quotation sheet of the Stock Exchange on any relevant Trading Day or the immediately preceding Trading Day if the trading of the Shares has been suspended on the date of assessment, provided that if trading of the Shares are suspended for 20 consecutive Trading Days or more immediately preceding the date of assessment, the closing price per Share shall be deemed zero until trading resumption of the Shares (except in the case of a voluntary suspension of the trading of the Shares by the Company due to an event which results, or is likely to result, in a notable increase in the price per Share where, only with the prior written consent of Success, the price per Share shall be deemed to be the closing price per Share quoted on the daily quotation sheet of the Stock Exchange on the Trading Day immediately preceding such suspension)

Option Shares: 26,100,000 (twenty-six million, one hundred thousand) ordinary shares in the Company to be acquired on or shortly after the date of this Deed pursuant to the terms of the SPA.

Preferential Sale: has the meaning given in clause 8.2.

Preferential Sale Notice: has the meaning given in clause 8.1.

Preferential Sale Period: the period starts immediately after the expiry of the Lock-up Period and ends one year after expiry of the Lock-up Period.

Put Option: the option granted to Success pursuant to the terms of clause 4.

Put Option Exercise Notice: has the meaning given in clause 4.3.

Put Option Period: the period of time of the five Business Days (inclusive) after the expiry of one year after the Lock-up Period.

Put Option Price: the aggregate consideration amount of 126% of the SPA Sale Price multiplied by the amount of Put Option Sale Shares (as applicable).

Put Option Sale Shares: has the meaning given in clause 4.3.2.

Related Persons: has the meaning given in clause 21.

Representative: in relation to a Party, its affiliates and the directors, officers, employees, agents, advisers, accountants and consultants of that party and/or of its affiliates.

Security Documentation: the Security Deed between Success and Cavalli dated the date of this Deed and such other documents designated as such by Success and Cavalli.

Sellers (and each a Seller): the sellers of the SPA, being Landtron Limited (昌亞有限公司), Seavi Advent Asia Investments (II) Limited and Peng Tong.

Shares: the ordinary shares in the equity share capital of the Company and listed on the Stock Exchange from time to time.

SPA(s): the agreement(s) for the sale and purchase of an aggregate amount of 26,100,000 (twenty-six million, one hundred thousand) ordinary shares in the Company between Success and each of the Sellers, dated the same date as this Deed.

SPA Completion Date: the date of completion of the purchase of the Option Shares by Success pursuant to the terms of the SPA(s). For the avoidance of doubt, the completion of each SPA with a Seller is independent of, and not conditional upon, the completion of the SPA with the other Sellers.

SPA Sale Price: HK\$3.52, being the consideration per Share paid for the Option Shares by Success on or about the date of this Deed, representing the lower of:

(i) 90% of the average closing price per Share for the 30 consecutive Trading Days immediately preceding the date of the SPA; and

(ii) not more than HK\$3.8 per Share.

Stock Exchange: The Stock Exchange of Hong Kong Limited.

Trading Day: being a day when the Stock Exchange is open for dealing business; with respect to any shares listed on any other applicable stock exchanges, a day when such other stock exchange is open for dealing business.

Transfer Share Price: has the meaning set out in clause 8.1.3

Transfer Share(s): has the meaning set out in clause 8.1.2.

Working Hours: 9.30am to 5.30pm on a Business Day in the place of receipt of a notice.

- 1.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this Deed.
- 1.3 References to clauses and Schedules are to the clauses and Schedules of this Deed and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.4 The Schedules form part of this Deed and shall have effect as if set out in full in the body of this Deed. Any reference to this Deed includes the Schedules.
- 1.5 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.6 A reference to a **party** shall include that party's personal representatives, successors and permitted assigns.

- 1.7 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.8 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.9 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time, provided that, as between the parties, no such amendment, extension or re-enactment made after the date of this Deed shall apply for the purposes of this Deed to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party.
- 1.10 A reference to a statute or statutory provision shall include all subordinate legislation made as at the date of this Deed under that statute or statutory provision.
- 1.11 A reference to **writing** or **written** includes fax but not e-mail (unless otherwise expressly provided in this Deed).
- 1.12 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms. Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.13 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.14 For the avoidance of doubt, the equivalent Hong Kong dollar cash value of the Charged Shares for the purpose of calculating the Charge Ratio shall be based on the following formula:

$$V = A \times B$$

where

“V” = value of the Charged Shares

“A” = the amount of shares (subject to adjustment as a result of any consolidation, subdivision, reclassification of Shares or declaration and payment of scrip dividend)

“B” = the closing price per Share quoted on the daily quotation sheet of the Stock Exchange on the relevant Trading Day or the immediately preceding Trading Day if the trading of the Shares has been suspended on the date of assessment, provided that if trading of the Shares are suspended for 20 consecutive Trading Days or more, the closing price per Share shall be deemed zero until trading resumption of the Shares (except in the case of a voluntary suspension of the trading of the Shares by the Company due to an event which results, or is likely to result, in a notable increase in the price per Share where, only with the prior written consent of Success, the price per Share shall be deemed to be the closing price per Share quoted on the daily quotation sheet of the Stock Exchange on the Trading Day immediately preceding such suspension)

For the avoidance of doubt, if any Charged Shares:

(i) are listed on any other applicable stock exchange, reference to Share and Stock Exchange in the above formula should be construed accordingly; or

(ii) are not listed on any exchange, the value of such Charged Shares shall be determined on the basis of the fair market value of such Charged Shares. Success shall have the absolute discretion to determine the fair market value of such Charged Shares not listed on an exchange (which may be assessed by an independent third party valuer appointed by Success, at its discretion).

2. **LOCK-UP**

Success irrevocably and unconditionally undertakes to Cavalli that for a period of one year following the date of this Deed (the **Lock-up Period**), Success will not offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Option Shares or any interests therein beneficially owned or held by Success without the prior written consent of Cavalli.

3. **CALL OPTION**

3.1 In consideration of the payment of HK\$1 by Cavalli to Success (receipt of which is hereby acknowledged by Success), Success grants to Cavalli an option to purchase all (but not part) of the Option Shares at the Call Option Price on the terms of this clause 3 (the **Call Option**).

3.2 The Call Option may only be exercised within the Call Option Period if Cavalli has submitted to Success a written Call Option exercise notice in accordance with clause 17 at least three Business Days prior to the expiry of the Call Option Period (the **Call Option Exercise Notice**). Such Call Option Exercise Notice shall only be a valid notice if it includes:

3.2.1 the date within the Call Option Period on which the Call Option Exercise Notice is being exercised;

3.2.2 a statement to the effect that Cavalli is exercising the Call Option and that it wishes to purchase the Option Shares from Success for the Call Option Price;

3.2.3 a date which is no less than three Business Days after the date the Call Option Exercise Notice is being exercised (as set out pursuant to clause 3.2.1) on which Completion is to take place; and

3.2.4 a signature by or on behalf of Cavalli.

3.3 The Call Option may only be exercised for all (but not part) of the Option Shares.

3.4 Once given, the Call Option Exercise Notice may not be revoked without the prior written consent of Success.

3.5 Cavalli may, subject to the prior written consent of Success, assign the Call Option (and consequently the right to purchase all (but not part of) the Option Shares from Success on the terms of this Deed) to a third party by given notice to Success at least three Business Days prior to the end of the Lock-up Period. For the avoidance of doubt, Cavalli shall not be entitled to assign the right to purchase the Option Shares after the Call Option Exercise Notice has been validly given to Success pursuant to clause 3.2.

3.6 If the Call Option Exercise Notice is validly given to Success in accordance with clause 3.2, Completion shall occur in accordance with clause 10. If the Call Option Exercise Notice is not validly given to Success in accordance with clause 3.2 or Cavalli fails to complete the

transaction pursuant to the Call Option Exercise Notice and/or clause 10, the Call Option shall lapse and be no longer effective.

- 3.7 All costs, expenses and applicable taxes (including stamp duty) suffered or incurred by either Party pursuant to the exercise of the Call Option shall be borne solely by Cavalli, and Cavalli shall reimburse Success upon demand for any such costs, expenses and/or applicable taxes which Success has incurred.

4. **PUT OPTION**

- 4.1 In consideration of the payment of HK\$1 by Success to Cavalli (receipt of which is hereby acknowledged by Cavalli), Cavalli grants to Success an option to require Cavalli to purchase all or any part of the Option Shares at the Put Option Price on the terms of this clause 4 (the **Put Option**).

- 4.2 Following the end of the Lock-up Period, Success:

4.2.1 shall be entitled, but not obliged, to freely transfer, sell or otherwise dispose of all or any part of the Option Shares however and to whomever it sees fit subject to the terms of clause 7; and/or

4.2.2 may exercise the Put Option during the Put Option Period in accordance with clause 4.3.

- 4.3 The Put Option may only be exercised if Success has submitted to Cavalli a written Put Option exercise notice in accordance with clause 17 at least 3 Business Days prior to the expiry of the Put Option Period (the **Put Option Exercise Notice**). Such Put Option Exercise Notice shall only be a valid notice if it includes:

4.3.1 the date within the Put Option Period on which the Put Option Exercise Notice is being exercised;

4.3.2 the number of Option Shares to be sold by Success to Cavalli upon exercise of the Put Option (the **Put Option Sale Shares**);

4.3.3 a statement to the effect that Success is exercising the Put Option and that it wishes to sell the Put Option Sale Shares to Cavalli for the Put Option Price;

4.3.4 a date which is no less than three Business Days after the date the Put Option Exercise Notice is being exercised (as set out pursuant to clause 4.3.1) on which Completion with respect to the Put Option Sale Shares is to take place; and

4.3.5 a signature by or on behalf of Success.

- 4.4 Once given, a Put Option Exercise Notice may not be revoked without the written consent of Cavalli.

- 4.5 If the Put Option Exercise Notice is not validly given to Cavalli in accordance with clause 4.3, the Put Option shall lapse. If the Put Option Exercise Notice is validly given to Cavalli in accordance with clause 4.3, Completion shall occur in accordance with clause 10.

- 4.6 All costs, expenses and applicable taxes suffered or incurred by either Party pursuant to the exercise of the Put Option shall be borne solely by Cavalli, and Cavalli shall reimburse Success upon demand for any such costs, expenses and/or applicable taxes Success has incurred (save for any applicable stamp duty where each Party shall bear their own liability to stamp duty).

5. CREDIT DEFAULT OPTION

In consideration of the payment of HK\$1 by Success to Cavalli (receipt of which is hereby acknowledged by Cavalli), Cavalli grants to Success one or more option(s) to require Cavalli to purchase all or any part of the Option Shares at the Credit Default Option Price on the terms of this clause 5 (the **Credit Default Option**).

5.1 The Credit Default Option shall only be exercisable by Success if one or more of the following conditions is applicable:

5.1.1 Cavalli has failed to move to Completion of any Put Option, or comply with any of the terms and conditions of a Put Option Exercise Notice, following the receipt of such notice pursuant to clause 4.3;

5.1.2 Cavalli has failed to comply with clause 7;

5.1.3 the Charge Ratio is greater than 80% on any Trading Day; and/or

5.1.4 Cavalli has failed to open and maintain a Custodian Account, and deposit Shares owned by Cavalli representing an aggregate number not less than the Option Shares in the Custodian Account.

5.2 The Credit Default Option shall be exercised by Success submitting to Cavalli a written Credit Default Option exercise notice in accordance with clause 17 (the **Credit Default Option Exercise Notice**). Such Credit Default Option Exercise Notice shall only be a valid notice if it includes:

5.2.1 the date on which the Credit Default Option Exercise Notice is given;

5.2.2 the number of Option Shares to be sold by Success to Cavalli upon exercise of the Credit Default Option (the **Credit Default Option Sale Shares**);

5.2.3 a statement to the effect that Success is exercising the Credit Default Option and that it intends to sell the Credit Default Option Sale Shares to Cavalli for the Credit Default Option Amount in cash (being Hong Kong dollars);

5.2.4 a date, which is no more than 3 Business Days after the date of the Credit Default Option Exercise Notice, on which Completion is to take place; and

5.2.5 a signature by or on behalf of Success.

5.3 The Credit Default Option may be exercised for all or any part of the Option Shares and may be exercised more than once.

5.4 Once given, the Credit Default Option Exercise Notice may not be revoked without the written consent of Cavalli.

5.5 If the Credit Default Option Exercise Notice is validly given to Cavalli in accordance with clauses 5.1 and 5.2, Completion with respect to the Credit Default Option Sale Shares shall occur in accordance with clause 10.

6. COLLATERAL

6.1 In order to secure Cavalli's obligations and liabilities under this Deed, Cavalli has agreed to provide collateral in the form of the Charged Assets until Completion of the Put Option or the Credit Default Option (as the case may be) pursuant to the terms of the Security

Documentation and this Deed. In the event that Cavalli fails to comply with the terms of this Deed (including a failure to comply with the Completion obligations as set out in clause 10) or any of the events mentioned in clause 5.1 has occurred therefore triggering the exercise of the Credit Default Option, Success shall be entitled to enforce the security against the Charged Assets pursuant to the terms of the Security Documentation (which shall include selling the Charged Shares (or any other relevant asset charged pursuant to the Security Documentation) and withdrawing any Charged Cash (as applicable)) so that it may recover the any amount due and payable by Cavalli under this Deed.

6.2 If following the enforcement of the security pursuant to clause 6 Success has not recovered in full any amount due and payable by Cavalli under this Deed, Cavalli shall pay to Success on demand any shortfall within 10 Business Days of a written demand from Success.

6.3 All costs, expenses and applicable taxes suffered or incurred by either Party pursuant to the exercise of the Credit Default Option shall be borne solely by Cavalli, and Cavalli shall reimburse Success upon demand for any such costs, expenses and/or applicable taxes Success has incurred (save for any applicable stamp duty where each Party shall bear their own liability to stamp duty).

7. CHARGE RATIO

If the Charge Ratio is equal to or greater than 70% on any Trading Day (the **70% Ratio Breach**) Cavalli shall procure, within 3 Business Days of receipt of a notice from Success to Cavalli notifying it of the 70% Ratio Breach, that any of the following actions are taken by Cavalli so that Charge Ratio becomes less than the Initial Charge Ratio:

7.1 the following are deposited into the Custodian Account (in respect of the items set out in clauses 7.1.1 and 7.1.2), and/or are otherwise held by the Custodian, as further collateral pursuant to the terms of the Security Documentation:

7.1.1 further Shares (or such other shares (either shares of a publically listed company or a private company) that Success agrees to in writing);

7.1.2 a Hong Kong dollar cash deposit; and/or

7.1.3 any other asset(s) owned by Cavalli that Success agrees to in writing; or

7.2 Cavalli purchases (or procures that a third party approved by Success purchases) a number of the Option Shares at a price agreed to in writing by Success.

8. PREFERENTIAL SALE PERIOD

8.1 During the Preferential Sale Period, if Success has entered into a non-binding offer to sell all or any part of the Option Shares to a third party for a consideration amount equal to or greater than 150% of the SPA Sale Price per Option Share (*subject to adjustment as a result of any consolidation, subdivision, reclassification of Shares or declaration and payment of scrip dividend with respect to the Shares*), before entering into a legally binding sale of the relevant number of Option Shares Success shall give written notice to Cavalli in accordance with clause 17 (the **Preferential Sale Notice**). Such Preferential Sale Period Notice shall only be a valid notice if it includes:

8.1.1 the date on which the Preferential Sale Notice is given;

8.1.2 the number of Option Shares proposed to be sold (the **Transfer Shares**);

- 8.1.3 a statement to the effect that Success is intending to sell the Transfer Shares to a third party for a consideration amount equal to or greater than 150% of the SPA Sale Price per Option Share in Hong Kong dollars (the **Transfer Shares Price**);
- 8.1.4 a request for Cavalli to confirm within three Business Days as to whether or not it or any third party nominated by it provided such party is not a Connected Person of Success or its holding company wishes to purchase the Option Shares from Success in lieu of the relevant third party for the aggregate consideration amount of 150% of the Investment Capital in cash (being Hong Kong dollars); and
- 8.1.5 a signature by or on behalf of Success.
- 8.2 If Cavalli confirms in writing to Success within three Business Days of the date of the Preferential Sale Period Notice that it or any third party nominated by it provided such party is not a Connected Person of Success or its holding company wishes to purchase the Transfer Shares, Success shall sell the Transfer Shares to Cavalli or its nominee for the Transfer Shares Price in accordance with clause 10 within three Business Days of Cavalli's confirmation (the **Preferential Sale**). If Cavalli fails to reply within three Business Days or confirms that it or its nominee does not wish to purchase the Transfer Shares or fails to proceed to Completion of the Preferential Sale pursuant this clause 8.2, Cavalli's right to the Preferential Sale shall lapse and be ineffective, and Success shall be free, subject to clause 8.3, to sell the Transfer Shares to such third party.
- 8.3 Once the sale of the Transfer Shares to a third party by Success completes, any amount of consideration received for the sale of the Transfer Shares which is above the aggregate consideration amount of 150% of the SPA Sale Price per Transfer Share, after deducting any applicable tax (including stamp duty), costs and expenses associated with the Preferential Sale, be paid to Cavalli within 20 Business Days of receipt by Success of the consideration from such third party purchaser (subject to Cavalli providing appropriate bank account details at least five Business Days before the intended transfer). Any applicable tax that is due to any tax authority as a result of this payment to Cavalli shall be borne solely by Cavalli.
- 8.4 The Preferential Sale Period shall lapse and be ineffective immediately if any of the events mentioned in clause 5.1 has occurred or Cavalli has failed to move to Completion of the Credit Default Option pursuant to the terms of clause 5.

9. **DIVIDENDS**

All dividends and other distributions resolved or declared to be paid or made by the Company in respect of the relevant Option Shares by reference to a record date which falls on or before Completion of shall belong to, and be payable to, Success.

10. **COMPLETION**

- 10.1 Completion shall take place at the address of Success' lawyers (or such other address agreed by the Parties) on the date provided for with clause 3.2 (in respect of the Call Option), clause 4.3 (in respect of the Put Option), clause 5.2 (in respect of the Credit Default Option) or clause 8.1 (in respect of the Preferential Sale).
- 10.2 The Consideration payable by Cavalli to Success on exercise of the Call Option, the Put Option, the Credit Default Option or the Preferential Sale shall be satisfied in immediately available funds at Completion in accordance with clauses 10.3 and 10.4.

- 10.3 At Completion, Success shall procure that Success' CCASS participant gives an irrevocable delivery instruction to effect a book-entry settlement of all or the relevant amount of Option Shares (as applicable) on a real-time delivery versus payment basis, through CCASS and in accordance with this Deed and the General Rules and Operational Procedures of CCASS, to the credit of the stock account of Cavalli in accordance with the account details provided to Success by Cavalli at least three Business Days prior to the date of Completion.
- 10.4 At Completion, Cavalli shall pay to Success the Consideration by procuring that Cavalli's CCASS participant gives an irrevocable payment instruction to effect a book-entry settlement of all or the relevant amount of Option Shares (as applicable) on a real-time delivery versus payment basis, through CCASS and in accordance with the account details provided to Cavalli by Success at least three Business Days prior to the proposed date of Completion, and deliver to Success evidence of the giving of such payment instruction.
- 10.5 Any part of the Consideration that is not paid at Completion shall carry interest from the date of Completion until paid at the rate of 10% per annum.

11. **WARRANTIES**

11.1 Success warrants to Cavalli that:

11.1.1 it has full power and authority to enter into this Deed;

11.1.2 this Deed will, when executed, constitute valid and binding obligations of Success;
and

11.1.3 it is not bankrupt or insolvent under the laws of the jurisdiction of its incorporation.

11.2 Cavalli warrants to Success that:

11.2.1 it has full power and authority to enter into this Deed;

11.2.2 this Deed will, when executed, constitute valid and binding obligations of Cavalli;

11.2.3 it is not bankrupt or insolvent under the laws of the jurisdiction of its incorporation;
and

11.2.4 it is and will continue to be an independent party of, and has no direct or indirect relationship (whether through equity interests, directorships, employment, engagements or otherwise) with, and not a Connected Person of, Success (or its affiliates) or the Sellers.

11.3 The Guarantor warrants to Success that:

11.3.1 he is not a minor and is of full age and of sound mind and has full right, power and capacity to own and deal with his assets and businesses;

11.3.2 he has full power and authority to enter into this Deed;

11.3.3 he has and will have full power and authority to grant the Guarantee;

11.3.4 this Deed will, when executed, constitute valid and binding obligations of Cavalli;

11.3.5 he is not bankrupt or insolvent under the laws of the jurisdiction in which he is resident;

11.3.6 he is and will continue to be an independent party of, and has no direct or indirect relationship (whether through equity interests, directorships, employment, engagements or otherwise) with, and not a Connected Person of, Success (or its affiliates) or the Sellers; and

11.3.7 he has either obtained independent legal advice or has voluntarily waived his right to seek such independent legal advice. He fully understands the nature and extent of his obligations and liabilities under the Guarantee and this Deed and has acted independently and free from any undue influence of any person.

12. **GUARANTEE**

12.1 In consideration of the payment of HK\$1 each by Success and Cavalli to the Guarantor (receipt of which is hereby acknowledged by the Guarantor), the Guarantor guarantees the obligations and liabilities of Cavalli in accordance with the terms of this clause 12 (the **Guarantee**).

12.2 The Guarantor irrevocably and unconditionally:

12.2.1 guarantees to Success punctual performance by Cavalli of all of Cavalli's obligations under this Deed;

12.2.2 undertakes to Success that whenever Cavalli does not pay any amount when due under or in connection with this Deed, the Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

12.2.3 undertakes to Success that, if any amount which would otherwise be claimed by Success under clauses 12.2.1 and/or 12.2.2 is for any reason not recoverable thereunder on the basis of a guarantee, the Guarantor shall as a principal debtor and primary obligor indemnify Success immediately on demand against any cost, loss or liability which Success may incur or suffer as a result of Cavalli not paying any amount when (if such amount were recoverable from Cavalli) it would have been due under or in connection with this Deed; and the amount payable by the Guarantor under this indemnity shall not exceed the amount it would have had to pay under clauses 12.2.1 and/or 12.2.2 if the amount claimed had been recoverable on the basis of a guarantee.

12.3 The Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by Cavalli under this Deed, regardless of any intermediate payment or discharge in whole or in part.

12.4 If any payment by Cavalli or any discharge given by Success (whether in respect of the obligations of Cavalli or otherwise) is avoided or reduced as a result of insolvency or any similar event:

12.4.1 the liability of the Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

12.4.2 Success shall be entitled to recover the value or amount of that payment from the Guarantor, as if the payment, discharge, avoidance or reduction had not occurred.

12.5 The obligations of the Guarantor under this clause 12 will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause 12 (without limitation and whether or not known to it or Success) including:

- 12.5.1 any time, waiver or consent granted to, or composition with, Cavalli or other person;
 - 12.5.2 the release of Cavalli or any other person under the terms of any composition or arrangement with any creditor of Cavalli;
 - 12.5.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, Cavalli or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
 - 12.5.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of Cavalli or any other person;
 - 12.5.5 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of this Deed or any other document or security including without limitation any change in the purpose of this deed or other document or security;
 - 12.5.6 any unenforceability, illegality or invalidity of any obligation of any person under this deed or any other document or security; or
 - 12.5.7 any insolvency or similar proceedings.
- 12.6 Without prejudice to the generality of clause 12.5, the Guarantor expressly confirms that he intends that this Guarantee shall extend from time to time to any variation (however fundamental), increase, extension or addition of or to this Deed.
- 12.7 The Guarantor waives any right he may have of first requiring Success (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantor under this clause 12. This waiver applies irrespective of any law or any provision of this Deed to the contrary.
- 12.8 Until all amounts which may be or become payable by Success under or in connection with this Deed have been irrevocably paid in full, Success (or any trustee or agent on its behalf) may:
- 12.8.1 refrain from applying or enforcing any other moneys, security or rights held or received by Success (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and
 - 12.8.2 hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this clause 12.
- 12.9 Until all amounts which may be or become payable to Success under or in connection with this Deed have been irrevocably paid in full, and unless Success otherwise directs, the Guarantor will not exercise any rights which he may have by reason of performance by him of his obligations under this Deed:
- 12.9.1 to be indemnified by Cavalli;
 - 12.9.2 to claim any contribution from any other guarantor of Cavalli's obligations under this Deed;

12.9.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of Success under this Deed or of any other guarantee or security taken pursuant to, or in connection with, this Deed by Success;

12.9.4 to bring legal or other proceedings for an order requiring Cavalli to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee, undertaking or indemnity under clause 12;

12.9.5 to exercise any right of set-off against Cavalli; and/or

12.9.6 to claim or prove as a creditor of Cavalli in competition with Success.

12.10 This Guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by Success (including, but not limited to, pursuant to the Charged Assets and the Security Documentation).

13. **ANNOUNCEMENTS**

13.1 No Party shall make any announcement or issue any communication in connection with the existence or subject matter of this Deed without the prior written approval of the other Parties (such approval not to be unreasonably withheld or delayed).

13.2 The restriction in clause 13.1 shall not apply to the extent that the announcement or communication is required by law (including under the SFO or the Listing Rules), by any stock exchange or any regulatory or other supervisory body or authority of competent jurisdiction, whether or not the requirement has the force of law. If this exception applies, the Party making the announcement or issuing the communication shall, if legally permissible, use its reasonable efforts to consult with the other Parties in advance as to its form, content and the timing of issue. Notwithstanding the foregoing, the restriction in clause 13.1 does not apply to any disclosure of interest filing required under Part XV of the SFO.

14. **CONFIDENTIALITY**

14.1 The Parties shall maintain Confidential Information in confidence and not disclose Confidential Information to any person except as (i) this clause 14 permits or (ii) the other Parties approve in writing.

14.2 Clause 14.1 shall not prevent disclosure by a Party or any of its Representatives to the extent it can demonstrate that:

14.2.1 disclosure is required by law (including under the SFO or the Listing Rules) or by any stock exchange or any Governmental Entity having applicable jurisdiction (provided that the disclosing party shall first, to the extent legally permissible, inform the other Party of its intention to disclose such information and take into account the reasonable comments of the other Parties);

14.2.2 disclosure is of Confidential Information which was lawfully in the possession of that Party or any of its Representatives (in either case as evidenced by written records) without any obligation of secrecy before its being received or held;

14.2.3 disclosure is of Confidential Information which (i) the other Parties have previously consented to being publicly disclosed or (ii) has previously become publicly available other than through that Party's action (or that of its Representatives), in each case, such information shall cease to be Confidential Information; or

14.2.4 disclosure is required for the purpose of any arbitral or judicial proceedings arising out of this Deed.

14.3 Each Party undertakes that it shall only disclose Confidential Information as permitted by this clause 14 if it is reasonably required.

15. ASSIGNMENT

15.1 Except as provided in this clause 15 or unless the Parties specifically agree in writing, no person, including without limitation, any person who is not a party to this Deed, shall assign, transfer, hold on trust or encumber all or any of its rights under this Deed nor grant, declare, create or dispose of any right or interest in any of them. Any purported assignment in contravention of this clause 15 shall be void.

16. FURTHER ASSURANCES

16.1 Each of the Parties shall, from Completion, execute, or procure the execution of, such further documents as may be required by law or be necessary to implement and give effect to this Deed at each Party's own cost.

17. NOTICES

17.1 Any notice in connection with this Deed shall be in writing in English and delivered by hand, email, registered post or courier using an internationally recognised courier company. A notice shall be effective upon receipt and shall be deemed to have been received: (i) at the time of delivery, if delivered by hand, registered post or courier; or (ii) at the time of transmission if delivered by email provided that in either case, where delivery occurs outside Working Hours, notice shall be deemed to have been received at the start of Working Hours on the next following Business Day.

17.2 The addresses and email addresses of the Parties for the purpose of clause 17.1 are:

| Success | Address: | Email address: |
|-------------------------------------|---|-----------------------|
| For the attention of: NI Ming 倪明 | Level 29, One Pacific Place, 88 Queensway, Hong Kong | ming.ni@hrif.com.hk |

| Cavalli | Address: | Email address: |
|---------------------------------------|-----------------------|-----------------------|
| For the attention of: Mr. Ge Yi 戈弋 | 北京市朝阳区望京东园四区绿地中国锦3301 | geyi@hgh.cn |

| Guarantor | Address: | Email address: |
|--------------------------------------|--|-----------------------|
| For the attention of: Mr Ge Yi 戈弋 | 3103 Jianwai Da Jie Dong Fang, Rui Jing, Beijing 100000, People's Republic of China | geyi@hgh.cn |

18. **CONFLICT WITH OTHER AGREEMENTS**

If there is any conflict between the terms of this Deed and any other agreement, this Deed shall prevail unless: (a) such other agreement expressly states that it overrides this Deed in the relevant respect; and (b) the Parties are also parties to that other agreement or otherwise expressly agree in writing that such other agreement shall override this Deed in that respect.

19. **COSTS**

Except as otherwise provided in this Deed, all costs, expenses and charges incurred in connection with this Deed shall be paid by Cavalli.

20. **LANGUAGE**

If this Deed is translated into any language other than English, the English language text shall prevail.

21. **WHOLE AGREEMENT**

This Deed (and the Security Documentation) sets out the whole agreement between the Parties in respect of the matters dealt with herein. It is agreed that:

21.1 no Party shall have any claim or remedy in respect of any statement, representation, warranty or undertaking made by or on behalf of the other Parties (or any of their Related Parties) in respect of the subject matter of this Deed which is not expressly set out in this Deed;

21.2 the only right or remedy of a party in relation to any provision of this Deed shall be for breach of this Deed; and

21.3 except for any liability in respect of a breach of this Deed, no Party (or any of its Related Persons) shall owe any duty of care or have any liability in tort or otherwise to the other Parties (or its respective Related Persons) in respect of the matters dealt with herein,

provided that this clause shall not exclude any liability for (or remedy in respect of) fraud or fraudulent misrepresentation. Each Party agrees to the terms of this clause 21 on its own behalf and as agent for each of its Related Persons (as applicable). For the purpose of this clause, **Related Persons** means (in relation to a Party) the officers, employees, agents and advisers of that Party or any of its affiliates (as applicable).

22. **WAIVERS, RIGHTS AND REMEDIES**

22.1 Except as expressly provided in this Deed, no failure or delay by any Party in exercising any right or remedy relating to this Deed shall affect or operate as a waiver or variation of that right or remedy or preclude its exercise at any subsequent time. No single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

23. **COUNTERPARTS**

This Deed may be executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

24. **VARIATIONS**

No amendment of this Deed shall be valid unless it is in writing and duly executed by or on behalf of each Party.

25. **INVALIDITY**

Each of the provisions of this Deed is severable. If any such provision is held to be or becomes invalid or unenforceable under the law of any jurisdiction, the Parties shall use all reasonable efforts to replace it with a valid and enforceable substitute provision, the effect of which is as close to its intended effect as possible.

26. **NO THIRD PARTY ENFORCEMENT RIGHTS**

A person who is not a party to this Deed shall have no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any of its terms.

27. **GOVERNING LAW AND JURISDICTION**

27.1 This Deed shall be governed by, and interpreted in accordance with Hong Kong laws.

27.2 The Hong Kong courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this Deed, including without limitation disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; (ii) any claim seeking specific performance or other equitable relief arising out of or relating to this Deed; and (iii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes each Party irrevocably submits to the jurisdiction of the Hong Kong courts and waives any objection to the exercise of such jurisdiction.

27.3 The Parties irrevocably consent to service of process or any other documents in connection with proceedings in any court by facsimile transmission, personal service, delivery at any address specified in this Deed or any other usual address, mail or in any other manner permitted by the law of the place of service or the law of the jurisdiction where proceedings are instituted.

28. **PROCESS AGENTS**

The service of any process connected with proceedings in Hong Kong and relating to this Deed will be deemed to have been validly served on a Party if served on the process agent whose name and present address are set out below against the name of that party and service will be deemed to have been acknowledged by that Party if it is acknowledged by that process agent:

| Party | Process Agent |
|--------------|---|
| Cavalli | C/O Mr Ge Yi, Tsaker Chemical (Hong Kong) Company Limited, Room 1402, Kwai Hung Holdings Centre, No.89 Kings Road, North Point, Hong Kong Island, Hong Kong |
| Guarantor | Tsaker Chemical (Hong Kong) Company Limited, Room 1402, Kwai Hung Holdings Centre, No.89 Kings Road, North Point, Hong Kong Island, Hong Kong |

Each Party irrevocably undertakes not to revoke the authority of its process agent and if, for any reason, any Party requests to do so that Party shall promptly appoint another such process agent with an address in Hong Kong and advise the other Party of such change. If at any time, a Party fails to appoint a process agent who is able to receive service of any process connected with proceedings in Hong Kong and relating to this Deed on behalf of such Party, any other Party shall be entitled to appoint one on behalf of such defaulting Party at the defaulting Party's own cost. Nothing in this Deed shall affect the right of any Party to serve process in any other manner permitted by law.

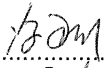
THIS DEED has been duly executed and delivered as a deed on the date first stated above.

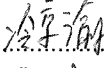
EXECUTED and DELIVERED as a DEED
by **SUCCESS ASIA GLOBAL LIMITED**
(成亞環球有限公司)

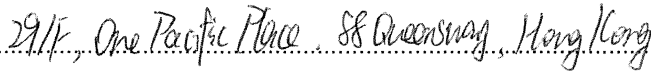
) 
) _____
) Name: Zhang He
) Authorised Signatory

in the presence of:

Witness:

Signature: 

Name: 

Address: 


.....

.....

Occupation:


EXECUTED and DELIVERED as a DEED
by CAVALLI ENTERPRISES INC.

in the presence of:

) 

) Name: GE YI
) Authorised Signatory

Witness:

Signature: 

Name: 

Address: 

Occupation: 

EXECUTED and DELIVERED as a DEED)
by GE YI (戈弋) in the presence of)
) _____)
))
))

Handwritten signature/initials

Witness:

Signature: 董海川

Name: 董海川

Address: 北京市朝阳区望京东园四区绿地中国锦3301

Occupation: 助理