

**Execution version**

**Dated 31 August 2016**

**BILLION EXPO INTERNATIONAL LIMITED  
(as Borrower)**

**and**

**PREMIER UNITED GROUP LIMITED  
and  
SUEN CHO HUNG, PAUL  
(as Subordinated Lenders)**

**in favour of**

**GET NICE SECURITIES LIMITED  
(as Lender)**

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**SUBORDINATION AGREEMENT  
incorporating Assignment of Loan**

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**THIS SUBORDINATION AGREEMENT** is dated 31 August 2016 and made

**BETWEEN:-**

- (1) **BILLION EXPO INTERNATIONAL LIMITED**, a company incorporated in the British Virgin Island and having its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, the British Virgin Islands (the “**Borrower**”);
- (2) **PREMIER UNITED GROUP LIMITED**, a company incorporated in the British Virgin Island and having its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, the British Virgin Islands (the “**Shareholder**”) and **SUEN CHO HUNG, PAUL (孫粗洪)**, holder of Hong Kong identity card no. P549018(2), of Suite 1501, 15<sup>th</sup> Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong (the “**Guarantor**”) (the Shareholder and the Guarantor are collectively called the “**Subordinated Lenders**” and each a “**Subordinated Lender**”); and
- (3) **GET NICE SECURITIES LIMITED**, a company incorporated in Hong Kong whose registered office is situate at 10/F., Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong (the “**Lender**”).

**WHEREAS:-**

- (A) By a loan agreement (the “**Principal Agreement**”, which expression includes such loan agreement as from time to time supplemented or amended) dated 31 August 2016 and made between the Borrower, as borrower and the Lender, as lender, the Lender has agreed, upon and subject to the terms and conditions of the Principal Agreement, to make available to the Borrower term loan facilities of up to an aggregate principal amount of HK\$682,000,000 (the “**Facilities**”) for the purposes therein mentioned.
- (B) As at the date of this Subordination Agreement, the Borrower is indebted to the Shareholder in the principal sum of HK\$90,000,000 (the “**Loan**”). The Loan and all and any sums for which the Borrower are now or may hereafter become indebted to any and all Subordinated Lenders (whether actual or contingent and whether owed on a joint or several basis or in any capacity whatsoever), whether in respect of principal, interest or otherwise, on account of any advance, loan or payment made to or for the account of the Borrower, and all claims, rights, remedies and/or proceeds in respect thereof, are hereinafter called the “**Subordinated Indebtedness**”, and any agreement relating to the Subordinated Indebtedness, is hereinafter called an “**Agreement**”, which, together with all other such agreements, shall be collectively called the “**Agreements**”.
- (C) The execution and delivery of this Subordination Agreement is one of the conditions to the Lender making the Facilities available under the Principal Agreement.

**NOW THIS SUBORDINATION AGREEMENT WITNESSETH AND IT IS HEREBY AGREED** as follows:-

**1. INTERPRETATION**

**1.01 Definitions**

All words and expressions defined in the Principal Agreement shall, unless specifically defined or redefined herein or the context otherwise requires, have the same meaning when used in this Subordination Agreement.

**1.02 Construction**

- (a) The expressions "**Borrower**" and "**Subordinated Lenders**" shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.
- (b) The provisions of clauses 1.2, 1.4 and 1.5 of the Principal Agreement apply to this Subordination Agreement as though they were set out in full in this Subordination Agreement, except that references to the Principal Agreement will be construed as references to this Subordination Agreement.
- (c) Unless otherwise stated, references to Clauses, Schedules and Appendices shall be construed as references to clauses of, the schedule and appendices to this Subordination Agreement. Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Subordination Agreement.
- (d) The obligations and liabilities of the Subordinated Lenders under this Subordination Agreement are joint and several.

**2. SUBORDINATION**

**2.01 Subordination**

The Borrower and each Subordinated Lender acknowledge to and agree with each other and with the Lender that for so long as the Outstanding Indebtedness or any part thereof remains outstanding, any Agreement shall be subject in every respect to this Subordination Agreement and all the terms, covenants, conditions and stipulations herein contained, and the Subordinated Indebtedness is and shall be subject to the following terms and conditions:-

- (a) the Subordinated Indebtedness shall not be subject to payment of interest (although interest may accrue thereon);
- (b) the Subordinated Indebtedness shall (subject to Clause 6.02(a)) not be repayable or repaid in whole or in part, until after the Loan and all amounts owing under the Finance Documents have been paid and the obligations arising thereunder have been fully discharged; and
- (c) the Subordinated Indebtedness is and shall remain unsecured by any mortgage, charge, debenture or other security of any kind over the whole or any part of the assets of the Borrower and is not and shall not be capable of

becoming subject to any right of set-off or counterclaim and should any security be created for the Subordinated Indebtedness, such security shall be forthwith pledged or sub-pledged to the Lender to secure the Outstanding Indebtedness and deposited with the Lender.

#### 2.02 Priority Payment of Outstanding Indebtedness

Each Subordinated Lender hereby covenants and undertakes with the Borrower that in the event of the winding-up, liquidation or dissolution (or any proceedings analogous to a winding-up, liquidation or dissolution) of the Borrower, any amounts payable to such Subordinated Lender in respect of the Subordinated Indebtedness will be applied:-

- (a) firstly, in payment of the claims in respect of the Outstanding Indebtedness to the extent that such claims shall not have been met by means of the enforcement of any security held by or on behalf of the Lender; and
- (b) secondly, towards the payment of the amount owing to such Subordinated Lender in respect of the Subordinated Indebtedness.

#### 2.03 No Demand or Payment

Each Subordinated Lender and the Borrower hereby covenant and undertake with the Lender that (subject to Clause 6.02) for so long as the Outstanding Indebtedness or any part thereof remains outstanding:-

- (a) such Subordinated Lender shall not (save as provided in Clause 2.05 or with the prior written consent of the Lender) demand or require or institute any actions or proceedings of any kind for or take any other steps whatsoever to obtain or with a view to obtaining any repayment or payment of or in respect of the Subordinated Indebtedness, or any part thereof; and
- (b) the Borrower shall not make any repayment or payment of or in respect of the Subordinated Indebtedness, or any part thereof, to such Subordinated Lender until after the Loan and all amounts owing under the Finance Documents have been paid and the obligations arising thereunder have been fully discharged.

#### 2.04 Hold on Trust

The Borrower hereby declares and acknowledges that the benefit of the undertaking on the part of the Subordinated Lenders contained in Clause 2.02 is held on trust by the Borrower:-

- (a) firstly, for the Lender to the extent that the claims in respect of the Outstanding Indebtedness shall not have been met by means of the enforcement of any security held by or on behalf of the Lender; and
- (b) secondly, for the Subordinated Lenders to be applied towards the payment of the amount owing to the Subordinated Lenders in respect of the Subordinated Indebtedness.

2.05 Proof of Subordinated Indebtedness

Each Subordinated Lender hereby covenants and undertakes with the Lender that the claims of such Subordinated Lender in respect of the Subordinated Indebtedness will, at the direction of the Lender, be proved by it in any winding-up, liquidation or dissolution of the Borrower (or in any proceedings analogous to the winding-up, liquidation or dissolution of the Borrower).

2.06 Assignment of Subordinated Indebtedness

As security for payment of the Outstanding Indebtedness, each Subordinated Lender, as legal and beneficial owner, HEREBY ASSIGNS and AGREES TO ASSIGN to the Lender all its/his rights, title, interest and benefit to, of and in the Agreements to which it/he is a party and the full benefit and right to receive and recover the Subordinated Indebtedness and the full benefit of all other provisions powers and covenants whatsoever contained in the Agreements to which it/he is a party TO HOLD the same unto the Lender absolutely SUBJECT to the proviso for cesser hereinafter contained.

2.07 Redemption

- (a) Upon payment to the Lender of the whole of the Outstanding Indebtedness, the Lender shall at the request and cost of the Subordinated Lenders reassign or discharge the subject matter of the assignment as contained in Clause 2.06 above unto the Subordinated Lenders or as it shall direct.
- (b) Any discharge, reassignment or release or partial discharge, reassignment or release shall be conditional upon no security disposition or payment to the Lender by the Subordinated Lenders, any other Obligor or any other person in respect of the Outstanding Indebtedness being avoided or reduced or ordered to be surrendered or refunded pursuant to any provisions or enactments relating to bankruptcy, liquidation or insolvency or for any other reason whatsoever.

2.08 Statement Conclusive

Any statement of account of the Borrower, signed by any duly authorised officer of the Lender, showing the amount of the Outstanding Indebtedness shall, save for manifest error, be conclusive and binding on and against the Borrower, the Subordinated Lenders and each of them.

3. REPRESENTATIONS AND WARRANTIES

Each Subordinated Lender makes the representations and warranties on its own behalf set out in this Clause 3 to the Lender.

3.01 Binding obligations

- (a) The obligations expressed to be assumed by it/him in each Finance Document to which it/he is a party are legal, valid, binding and enforceable obligations.
- (b) Without limiting the generality of paragraph (a) above, each Security Document to which it/he is a party creates the security interest which that

Security Document purports to create and those security interests are valid and effective.

3.02 Non-conflict with other obligations

The entry into and performance by it/him of, and the transactions contemplated by, the Finance Documents to which it/he is a party and the granting of the Security under the Finance Documents to which it/he is a party do not and will not conflict with:-

- (a) any law or regulation applicable to it/him; or
- (b) any agreement or instrument binding upon it/him or any of its/his assets,

nor (except as provided in any Finance Document) result in the existence of, or oblige it/him to create, any security over any of its/his assets.

3.03 Power and authority

- (a) The Shareholder is a company duly incorporated with limited liability and validly existing in good standing under the laws of the British Virgin Islands. The Shareholder is not registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap.622 of the Laws of Hong Kong) nor has it made any application to be so registered.
- (b) It/He has the power to enter into, perform and deliver, and has taken all necessary action to authorise its/his entry into, performance and delivery of, the Finance Documents to which it/he is a party and the transactions contemplated by those Finance Documents.

3.04 Validity and admissibility in evidence

All authorisations required:-

- (a) to enable it/him lawfully to enter into, exercise its/his rights and comply with its/his obligations in the Finance Documents to which it/he is a party or to enable it/him to create the security to be created by it/him pursuant to any such Finance Document and to ensure that such security has the priority and ranking it is expressed to have; and
- (b) to make the Finance Documents to which it/he is a party admissible in evidence in its jurisdiction of incorporation or his residing jurisdiction (as the case may be),

have been obtained or effected and are in full force and effect.

3.05 Deduction of Tax

It is not required under all applicable laws to make any deduction for or on account of Tax from any payment he may make under any Finance Document.

3.06 No filing or stamp taxes

except for each requirement set out below:

- (a) entry of the particulars of the Security created pursuant to this Subordination Agreement in the register of mortgages and charges of the Shareholder; and
- (b) registration of this Subordination Agreement with the Registrar of Corporate Affairs in the British Virgin Islands,

under the law of the jurisdiction of its incorporation or the jurisdiction which he resides (as the case may be), it is not necessary that the Finance Documents to which it/he is a party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

3.07 No default

No event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it/him or to which it/his assets are subject which might have a Material Adverse Effect.

3.08 Pari passu ranking

- (a) Each security created under the relevant Finance Document to which it/he is a party creates a security which it is expressed to create with the ranking and priority it is expressed to have.
- (b) It/His payment obligations under the Finance Documents to which it/he is a party constitute its/his direct, unsecured and unsubordinated obligations, which rank at least *pari passu* among themselves and with the claims of all its/his other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law and not by contract.

3.09 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it/him.

3.10 No Security

Save for this Subordination Agreement and the other Finance Documents, it/he has not assigned, charged, mortgaged, pledged, encumbered, transferred or otherwise disposed of its/his right, title, interest and benefit of and in any Agreement.

3.11 No disposal

As at the date hereof, it/he has not sold, assigned, transferred or otherwise disposed of its/his rights, title, interest and benefit of and in the Agreements.



### 3.12 Repetition

The representations and warranties in Clauses 3.01 to 3.04, Clauses 3.07 and 3.08 and Clauses 3.10 to 3.11 above shall be deemed to be made by each Subordinated Lender by reference to the facts and circumstances then existing on each day any Outstanding Indebtedness remains unpaid.

## 4. GENERAL UNDERTAKINGS

Each Subordinated Lender undertakes with the Lender that, from the date of this Subordination Agreement and so long as any moneys are owing and/or payable under the Principal Agreement and this Subordination Agreement, it/he will comply with its undertakings set out in this Clause 4.

### 4.01 Information: miscellaneous

Each Subordinated Lender shall supply to the Lender:-

- (a) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any Obligor, and which might, if adversely determined, have a Material Adverse Effect;
- (b) promptly, such further information regarding its financial condition, business and operations of any Obligor as the Lender may request;

### 4.02 Notification of default

Each Subordinated Lender shall notify the Lender of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless such Subordinated Lender is aware that a notification has already been provided by another Obligor).

### 4.03 Authorisations

Each Subordinated Lender shall promptly:-

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Lender of,

any Authorisation required to enable such Subordinated Lender to perform its/his obligations under the Finance Documents to which it/he is a party and to ensure the legality, validity, enforceability or admissibility in evidence in the jurisdiction of its/his residence of any Finance Document to which it/he is a party.

### 4.04 Compliance with laws

Each Subordinated Lender shall comply in all respects with all laws to which it/he may be subject, if failure so to comply would materially impair its/his ability to perform its/his obligations under the relevant Finance Documents.

#### 4.05 Pari Passu

Each Subordinated Lender shall ensure that:-

- (a) its/his payment obligations under the relevant Finance Document to which it/he is a party shall at all times constitute its/his direct, unsecured and unsubordinated obligations, which obligations rank at least *pari passu* among themselves with all its/his other present and future unsecured and unsubordinated indebtedness with the exception of any obligations which are mandatorily preferred by law and not by contract; and
- (b) any Security to which it/he is a party shall continue to rank as a first ranking Security with the priority it is expressed to have.

#### 4.06 No Waiver of Rights

Each Subordinated Lender shall not waive any of its/his rights in respect of the Subordinated Indebtedness without the prior written consent of the Lender.

#### 4.07 Notice of Assignment

The Borrower hereby declares that by entering into this Subordination Agreement it is fully aware of the assignment herein contained and notice of assignment shall be deemed to have been received by it on the date hereof.

#### 4.08 Delivery of Agreement

Each Subordinated Lender will promptly notify the Lender of the entering into of an Agreement and will deliver to the Lender promptly and without any request a certified true (by a solicitor practising in Hong Kong) copy (or original if so required by the Lender) of each Agreement forthwith upon the same being entered into.

#### 4.09 Variation or Termination

The Borrower and the Subordinated Lenders will not without the prior written consent of the Lender, make or consent to any modification to or amendment of any Agreement in any material respect, or cancel, rescind, terminate or otherwise agree to the cancellation or rescission or termination thereof.

#### 4.10 Negative Pledge

Save for this Subordination Agreement and the other Finance Documents, the Subordinated Lenders will not without the prior written consent of the Lender, assign, charge, mortgage, pledge, encumber, transfer or otherwise dispose of any rights under any Agreement or any rights, title, interest and benefit thereunder or thereof or therein.

#### 4.11 Protection of Rights

Each Subordinated Lender will not, without the prior written consent of the Lender, take or omit to take any necessary action the taking or omission of which might result

in any alteration or impairment of any Agreement or this Subordination Agreement or of any of the rights created by any Agreement or by this Subordination Agreement.

#### 4.12 Security Filings

Each Subordinated Lender hereby covenants with the Lender to make timely filing and registration of the details of this Subordination Agreement in order to preserve, perfect and enforce the Security created by this Subordination Agreement and the priority of the Lender hereunder, including:

- (1) within fourteen (14) Business Days after the date of this Subordination Agreement, register or assist the British Virgin Islands counsel to the Lender to register the particulars of the Security created pursuant to this Subordination Agreement against the Shareholder at the Registry of Corporate Affairs of the British Virgin Islands (“**Registry**”) pursuant to Section 163 of the BVI Business Companies Act 2004 of the British Virgin Islands (as amended) (“**Act**”);
- (2) immediately upon receipt and in any event not later than twenty-one (21) Business Days after the date of this Subordination Agreement, deliver or procure to be delivered to the Lender the certificate of registration of charge issued by the Registry and the filed and stamped copy of the registered particulars of this Subordination Agreement;
- (3) within fourteen (14) Business Days after the date of this Subordination Agreement, direct the registered agent of the Shareholder to enter particulars of this Subordination Agreement in the register of charges of the Shareholder to be maintained pursuant to Section 162 of the Act and promptly after entry of such particulars has been made, provide the Lender with a certified true copy of the updated register of charges; and
- (4) if at any time after the date of this Subordination Agreement (despite Clause 3.03(a)), the Shareholder becomes registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap.622 of the Laws of Hong Kong), the Shareholder shall:
  - (a) promptly (in any case within one (1) month after the date of such registration as a non-Hong Kong company) register the particulars of the Security created pursuant to this Subordination Agreement against the Shareholder at the Hong Kong Companies Registry pursuant to the requirements under Section 340 of the Companies Ordinance; and
  - (b) promptly deliver or procure to be delivered to the Lender the certificate of registration of charge issued by the Registrar of Companies in Hong Kong and the filed and stamped copy of the registered particulars of this Subordination Agreement.

#### 5. NON-LIABILITY OF LENDER

Notwithstanding anything herein contained to the contrary, each Subordinated Lender and the Borrower, shall remain liable to perform all their respective obligations which may be assumed by them under the relevant Agreement, and the Lender shall not be under any obligation or liability under any Agreement by reason of this Subordination

Agreement or anything arising therefrom, nor shall the Lender be required to assume or be under any obligation in any manner to perform or fulfil any obligation of the Borrower or the Subordinated Lenders under or pursuant to any Agreement or to make any payment thereunder or to make any enquiries as to the nature or sufficiency of any payment received by the Lender by virtue of this Subordination Agreement.

## **6. ENFORCEMENT OF SECURITY**

### **6.01 When Enforceable**

The Security hereby constituted shall become enforceable pursuant to clause 13.2 of the Principal Agreement.

### **6.02 Powers of Lender**

- (a) The Lender shall be at liberty at any time after the occurrence of an Event of Default which is continuing to notify the Subordinated Lenders and the Borrower and direct that the Subordinated Indebtedness shall immediately become due and payable to the Lender or as it may direct.
- (b) Upon and after the Security hereby constituted becoming enforceable, the Lender may sell or further assign the Subordinated Indebtedness or any part or parts thereof in any manner as the Lender may deem expedient and the proceeds of sale shall, unless the Lender elects to put the same in a suspense account pursuant to Clause 7.07, be applied by the Lender in and towards payment of the Outstanding Indebtedness; and each Subordinated Lender confirms that it shall not have any right to claim against the Lender in respect of any loss arising out of any sale or further assignment of the Subordinated Indebtedness pursuant to this Subordination Agreement and that the Lender may sell or assign the Subordinated Indebtedness at whatever price.

### **6.03 Moneys Received**

In the event of the Lender exercising and putting into force pursuant to Clause 6.02 above its powers aforesaid or any of them, all moneys thereafter received by the Lender in respect of:-

- (a) the assignments of any Agreement;
- (b) the cancellation or rescission or other termination of any Agreement;
- (c) such collections recoveries or compromises as are referred to in Clause 6.02 above,

shall be held by the Lender to pay or retain all costs and expenses of whatsoever nature incurred by the Lender in or about or incidental to the exercise of its powers aforesaid first and thereafter towards payment of the Outstanding Indebtedness.

### **6.04 Further Assignment**

- (a) Upon the Security hereby constituted becoming enforceable, the Lender shall be entitled to exercise its powers of assignment(s) hereunder in such manner and at such time as the Lender in its absolute discretion may determine and

the Lender shall not in any circumstances be answerable for any loss occasioned by such assignment(s) or resulting from postponement thereof.

- (b) Upon any assignment of any Agreement as aforesaid the assignee shall not be bound to see or inquire whether the Lender's power of assignment has arisen and the assignment shall be deemed to be within the power of the Lender and the receipt of the Lender for the proceeds of assignment shall effectively discharge the assignee who shall not be concerned with the manner of application of the proceeds of assignment or be in any way answerable therefor.

6.05 Demand and Claims

The Lender may ask, require, demand, receive and give acquittances for any and all moneys and claims for moneys due and to become due under or arising out of any Agreement, and endorse any cheques or other instruments or orders in connection therewith, and make any claims or take any action or institute any proceedings which the Lender may consider to be necessary or advisable in the circumstances, and the Lender may further discharge, release or vary the liability of the Borrower or concur in accepting or varying any compromise arrangement or settlement or omit to claim or enforce payment of any moneys due to the Lender when and in such manner as the Lender may think expedient and no such act or omission on the part of the Lender shall in any way discharge or diminish the validity of this Subordination Agreement.

6.06 Hold on Trust

Each Subordinated Lender hereby further covenants with the Lender that in the event that such Subordinated Lender receives payment of any moneys hereby assigned, such moneys shall be held by such Subordinated Lender on trust for the Lender and shall forthwith upon request by the Lender be paid over to the Lender or as the Lender shall direct.

7. SAVINGS PROVISIONS

7.01 Taking of Security

Each Subordinated Lender warrants that it/he has not taken or received, and undertakes that until all the Outstanding Indebtedness has been paid or discharged in full, it/he will not take or receive, the benefit of any Security from the Borrower or any other person in respect of its/his obligations under this Subordination Agreement. Each Subordinated Lender further agrees that should any such Security be created in breach hereof while any Outstanding Indebtedness remains undischarged, any such Security shall be forthwith pledged or sub-pledged to the Lender to secure the obligations of the Borrower hereunder or under any other Finance Documents to which it/he is a party and shall forthwith be deposited with the Lender accordingly. Each Subordinated Lender agrees that if default is made under this Clause 7.01, any such Security taken in contravention and all moneys at any time received in respect thereof shall be held on trust for the Lender as Security for the liability of such Subordinated Lender to the Lender hereunder.

#### 7.02 Continuing Security

This Subordination Agreement shall:-

- (a) secure the ultimate balance of all the Outstanding Indebtedness from time to time owing to the Lender by the Borrower and shall be a continuing Security, notwithstanding any settlement of account or other matter whatsoever;
- (b) be in addition to any present or future security (including, without limitation, the Security), right or remedy held by or available to the Lender; and
- (c) not be in any way prejudiced or affected by the existence of any such security (including, without limitation, the Security), rights or remedies or by the same becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Lender increasing the amount of the Facilities or extending the Facilities, or by the Lender granting any waiver in respect of any of the terms of the Principal Agreement or any other Finance Documents, or amending or supplementing any of the other Finance Documents or by the Lender dealing with, exchanging, varying or failing to perfect or enforce any of the security (including, without limitation, the Security) or giving time for payment or indulgence or compounding with any other person liable.

#### 7.03 Opening of Account

If this Subordination Agreement ceases to be continuing for any reason whatsoever the Lender may nevertheless continue any account of the Borrower or open one or more new accounts and the liability of the Subordinated Lenders under this Subordination Agreement shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such account.

#### 7.04 Waiver of Defences

The liability of the Subordinated Lenders shall not be affected nor shall this Subordination Agreement be discharged or reduced by reason of:-

- (a) the incapacity or any change in the name, style or constitution of an Obligor or any other person;
- (b) the Lender granting any time, indulgence or concession to, or compounding with, discharging, releasing or varying the liability of an Obligor including without limitation any amendment, modification or variation of any of the terms of the Finance Documents or renewing, determining, varying or increasing any accommodation, facility or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from an Obligor (in each case without consent of any Subordinated Lender);
- (c) any act or omission which would have discharged or affected the liability of any Subordinated Lender had it been a principal debtor instead of security provider or by anything done or omitted which but for this provision might operate to exonerate any Subordinated Lender;

- (d) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, execute, take up or enforce, any rights against, or security over assets of, any Obligor 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;
- (e) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;
- (f) any insolvency or similar proceedings; or
- (g) this Subordination Agreement or any other Finance Document not being executed by or binding against the Borrower or any other party.

#### 7.05 Immediate Recourse

The Lender shall not be obliged to make any claim or demand on the Borrower or to resort to any security (including, without limitation, the Security) or other means of payment now or hereafter held by or available to them before enforcing this Subordination Agreement and no action taken or omitted by the Lender in connection with any such security (including, without limitation, the Security) or other means of payment shall discharge, reduce, prejudice or affect the liability of the Subordinated Lenders under this Subordination Agreement nor shall the Lender be obliged for the purpose of this Subordination Agreement to account for any money or other property received or recovered in consequence of any enforcement or realisation of any such security (including, without limitation, the Security) or other means of payment.

#### 7.06 No Subrogation

Until all the Outstanding Indebtedness has been paid, discharged or satisfied in full (and notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement) each Subordinated Lender agrees that, without the prior written consent of the Lender, it/he will not:-

- (a) exercise its/his rights of subrogation, contribution, reimbursement and indemnity against the Borrower;
- (b) demand or accept repayment in whole or in part of any indebtedness now or hereafter due to such Subordinated Lender from the Borrower or demand or accept any security in respect of the same or dispose of the same;
- (c) take any step to enforce any right against the Borrower in respect of any such indebtedness or liabilities; or
- (d) claim any set-off or counterclaim against the Borrower or claim or prove in competition with the Lender in the liquidation of the Borrower or have the benefit of, or share in, any payment from or composition with, the Borrower or any other security (including, without limitation, the Security) now or hereafter held by the Lender for the Outstanding Indebtedness or any other liabilities of the Borrower but so that, if so directed by the Lender, it/he will prove for the whole or any part of its/his claim in the liquidation of the Borrower on terms that the benefit of such proof and of all money received by it/him in respect thereof shall be held on trust for the Lender and applied



in or towards discharge of the Outstanding Indebtedness in such manner as the Lender shall deem appropriate.

7.07 Suspense Account

Any money received by virtue of or in connection with this Subordination Agreement or the assignment contained herein (whether before or after any incapacity of the Borrower) may be placed to the credit of a suspense account with a view to preserving the rights of the Lender to prove for the whole of its claims against the Borrower in the event of any proceedings in or analogous to liquidation, composition or arrangement.

8. POWER OF ATTORNEY AND FURTHER ASSURANCE

- (a) Each Subordinated Lender hereby irrevocably, severally and unconditionally and by way of security appoints the Lender to be its/his attorney (with full power of substitution) in the name of such Subordinated Lender or otherwise and on its/his behalf to execute, sign, seal, as its/his act and deed deliver, and do all deeds, instruments, acts and things whatsoever which it shall in the opinion of the Lender be necessary or expedient for the purpose of carrying out any obligation hereby imposed upon such Subordinated Lender, but in each case which such Subordinated Lender fails to do so, or for giving to the Lender the full benefit of the provisions hereof and generally to use its name in the exercise of all or any of the powers hereby conferred on the Lender. Each Subordinated Lender covenants that it/he will ratify and confirm all that the attorney shall lawfully and properly do or cause to be done by virtue of these presents.
- (b) Each Subordinated Lender will promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may specify (and in such form as the Lender may require in favour of the Lender or its nominee(s)):-
  - (i) to perfect the security created or intended to be created under or evidenced by this Subordination Agreement (which may include the execution of a mortgage, charge, assignment, or other security over all or any of the Subordinated Indebtedness owing to it/him which is, or is intended to be, the subject of this Subordination Agreement) or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to this Subordination Agreement or by law;
  - (ii) to confer on the Lender security over any property and assets of such Subordinated Lender located in any jurisdiction equivalent or similar to the security intended to be conferred by or pursuant to this Subordination Agreement; and/or
  - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of this Subordination Agreement;
- (c) Each Subordinated Lender shall take all such action (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Lender by or pursuant to this Subordination Agreement.



**9. BENEFIT OF THIS SUBORDINATION AGREEMENT**

**9.01 Successors and Assigns**

This Subordination Agreement shall be binding upon and enure to the benefit of the Subordinated Lenders, the Borrower, the Lender and their respective successors and assignees except that neither the Subordinated Lenders nor the Borrower may assign or transfer any of its rights, benefits, duties or obligations hereunder.

**9.02 Assignment by the Lender**

If the Lender shall assign the whole or any part of its rights and/or benefits under the Principal Agreement, the Lender may also assign the whole or the appropriate portion of its rights and benefits hereunder, in which event reference herein to the Lender shall thenceforth be deemed to include a reference to each assignee to the extent of its interest and the assignee shall, to the extent of its interest, have the same rights as it would have had if it had been the Lender at the time of this Subordination Agreement.

**9.03 Change in the Lender**

For the avoidance of doubt and without prejudice to the provisions of Clause 9.01, this Subordination Agreement shall remain binding on the Subordinated Lenders and the Borrower notwithstanding any change in the constitution of the Lender or its absorption in, or amalgamation with, or the acquisition of all or part of its undertaking or assets by, any other person, or any reconstruction or reorganisation of any kind, to the intent that this Subordination Agreement shall remain valid and effective in all respects in favour of any assignee, transferee or other successor in title of the Lender in the same manner as if such assignee, transferee or other successor in title had been named in this Subordination Agreement as a party instead of, or in addition to, the Lender.

**10. NOTICES**

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

- (a) shall be in writing and may be sent by prepaid postage, mail (by courier if to another country) or facsimile (but, if by facsimile from the Borrower or the Subordinated Lenders, shall promptly be confirmed by mail) or personal delivery;
- (b) 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 against their respective name in this Subordination Agreement;
- (c) if sent to any party shall be deemed to have been given and received by it/him (a) within two (2) days after the date of posting, if sent by local mail; (b) when delivered, if delivered by hand or courier; and (c) on despatch, if sent by facsimile; and

(d) shall be in the English language.

**11. WAIVERS, MATERIALITY, ILLEGALITY AND OTHERS**

**11.01 Waiver**

No failure to exercise and no delay in exercising on the part of the Lender of any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, or power or privilege preclude any other or further exercise of any other power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.

**11.02 Illegality**

If any one or more of the provisions of this Subordination Agreement or any part or parts thereof shall be declared or adjudged to be illegal, invalid or unenforceable under any applicable law, such illegality, invalidity or unenforceability shall not vitiate any other provisions hereof and this Subordination Agreement shall be construed as if such illegal, invalid or unenforceable provisions were not contained herein.

**11.03 Variation**

This Subordination Agreement may only be varied or modified by supplemental agreement or other document executed by all the parties hereto.

**11.04 Instrument in Writing**

No provision hereof may be amended, waived, discharged or terminated orally, except only by an instrument in writing signed by the party against whom enforcement of the waiver, discharge or termination is sought.

**11.05 Costs**

Each Subordinated Lender shall, within 3 Business Days of demand, pay to the Lender:-

- (a) all costs, charges and expenses (including legal fees on a full indemnity basis) incurred by the Lender in connection with the negotiation, preparation and execution of this Subordination Agreement; and
- (b) all costs and expenses (including legal fees on a full indemnity basis) incurred by the Lender in connection with the perfection and enforcement of, or the preservation of any rights under, this Subordination Agreement.

**11.06 Counterparts**

This Subordination Agreement may be executed in any number of counterparts by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same instrument.

## **12. APPLICABLE LAW**

### **12.01 Governing Law**

This Subordination Agreement and the rights and obligations of the parties hereto shall be governed by and construed in all respects in accordance with the laws of Hong Kong.

### **12.02 Submission to Jurisdictions**

- (a) Each Subordinated Lender hereby irrevocably submits to the jurisdiction of the courts of Hong Kong and of any country in which it/he has assets and hereby irrevocably waives any objection to any proceedings in any such courts on the basis of forum non conveniens. Each Subordinated Lender 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.
- (b) The submission in Clause 12.02 is non-exclusive and the Lender reserves the right to proceed in any other jurisdiction having or claiming or accepting jurisdiction in respect thereto.

### **12.03 Process Agent**

Each of the Shareholder and the Borrower hereby irrevocably appoints the Guarantor currently of Suite 1501, 15<sup>th</sup> Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its successor) no longer serves as agent of the Shareholder or the Borrower for this purpose, the Shareholder or the Borrower (as the case may be) shall promptly appoint a successor agent, notify the Lender thereof and deliver to the Lender a copy of the new process agent's acceptance of appointment and such agent's address in Hong Kong Provided that until the Lender receives such notification, it shall be entitled to treat the agent named above (or its said successor) as the agent of the Shareholder or the Borrower (as the case may be) for the purposes of this Clause 12.03. Each of the Shareholder and the Borrower agrees that any such legal process shall be sufficiently served on it/him if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to the Shareholder or the Borrower.

### **12.04 Independent legal advice**

The Borrower and the Subordinated Lenders acknowledge that Vincent T. K. Cheung, Yap & Co. acts for the Lender only. The Borrower and the Subordinated Lenders have been invited to seek independent legal advice on this Subordination Agreement as well as the transactions contemplated hereunder.

IN WITNESS whereof the Subordinated Lenders and the Borrower have caused this Subordination Agreement to be duly executed on the date first above written.

The Borrower

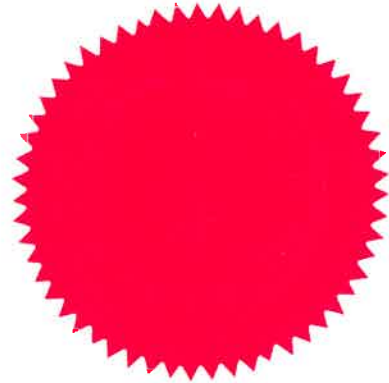
SEALED with the common seal of )  
**BILLION EXPO INTERNATIONAL LIMITED**)  
and SIGNED by *Suen Cho Hung, Paul*)

in the presence of: )

*Nda  
han*

*CHAN YUK YU*

*[Signature]*



Address : Suite 1501, 15<sup>th</sup> Floor,  
Great Eagle Centre, 23 Harbour Road,  
Wanchai, Hong Kong

Fax No. : 3162 6669  
Attention : Suen Cho Hung, Paul

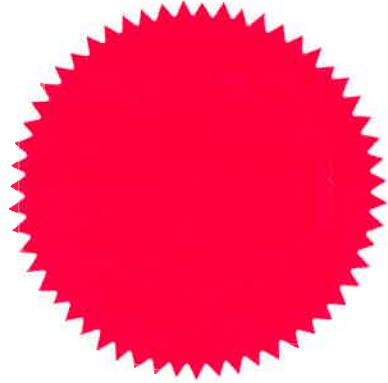
The Subordinated Lenders

SEALED with the common seal of )  
**PREMIER UNITED GROUP LIMITED** )  
and SIGNED by *Suen Cho Hung, Paul* )  
in the presence of: )

*Nick  
han*

*CHOW YOK YEE*

*[Signature]*



Address : Suite 1501, 15<sup>th</sup> Floor,  
Great Eagle Centre, 23 Harbour Road,  
Wanchai, Hong Kong

Fax No. : 3162 6669  
Attention : Suen Cho Hung, Paul

SIGNED SEALED and DELIVERED by )  
by **SUEN CHO HUNG, PAUL** )  
(who having been identified by his )  
Hong Kong Identity Card No. P549018(2)) )  
in the presence of:- )

*Nick  
han*

*CHOW YOK YEE*

*[Signature]*



Address : Suite 1501, 15<sup>th</sup> Floor,  
Great Eagle Centre, 23 Harbour Road,  
Wanchai, Hong Kong

Fax No. : 3162 6669

The Lender

SIGNED by *Ng Hien San Larry* )  
 )  
for and on behalf of )  
GET NICE SECURITIES LIMITED )  
in the presence of: *Say Chingman* )

For and on behalf of  
好證券有限公司  
GET NICE SECURITIES LIMITED  
*[Signature]*  
.....  
Authorized Signature(s)

Address : 10/F., Cosco Tower  
Grand Millennium Plaza  
183 Queen's Road Central  
Hong Kong

Fax No. : 2537 2987