

EXECUTION VERSION

DATE: 19 OCTOBER 2021

TONG KEE (HOLDING) LIMITED
棠記（控股）有限公司
(as Purchaser)

AND

PRECISE CAPITAL GLOBAL LIMITED
(as Vendor)

**AGREEMENT FOR SALE AND PURCHASE OF
THE ENTIRE ISSUED SHARE CAPITAL OF
TREASURE MARK GLOBAL LIMITED**

CONTENTS

<u>Clause</u>	<u>Heading</u>	<u>Page</u>
1.	Interpretation.....	1
2.	Sale and purchase of the Sale Share	9
3.	Conditions	9
4.	Consideration	11
5.	Completion.....	12
6.	Restriction on announcements	15
7.	Warranties and undertakings.....	16
8.	Rescission	18
9.	Conduct of business pending Completion	19
10.	Further assurance	21
11.	Access to information	21
12.	Notices	21
13.	Time and no waiver.....	22
14.	Invalidity	23
15.	Amendments	23
16.	Assignment	23
17.	Entire agreement	23
18.	Costs and expenses	23
19.	Counterparts.....	23
20.	Governing law and jurisdiction.....	23
 Schedules		
Schedule 1	Part A – Details of the Company.....	25
	Part B – Details of Projexasia	26
	Part C – Details of the Joint Venture.....	27
Schedule 2	Warranties	28
Schedule 3	Tax Indemnity	44
Schedule 4	Application for the Consideration Shares	52
Schedule 5	Employment Contract	54
Schedule 6	Undertaking.....	55
Schedule 7	Purchaser’s Confirmation	56
Execution	58
 Exhibit A	 Audited Accounts.....	 60
Exhibit B	Management Accounts.....	61

THIS AGREEMENT is made on 19 October 2021

BETWEEN:

- (1) **TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司**, a company incorporated in the Cayman Islands with limited liability and having its registered office at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and head office and principal place of business in Hong Kong at Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong (“**Holdings**” or the “**Purchaser**”), the issued shares of which are listed on GEM of the Stock Exchange (as defined below) (stock code: 8305); and
- (2) **PRECISE CAPITAL GLOBAL LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, VG1110, British Virgin Islands (the “**Vendor**”),

each a “**Party**” and together the “**Parties**”.

WHEREAS:

- (A) **TREASURE MARK GLOBAL LIMITED** (the “**Company**”) is a company incorporated in the British Virgin Islands with limited liability. As at the date hereof, the Company has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares (each a “**Share**”), of which one Share has been issued and is fully paid or credited as fully paid, and is legally and beneficially wholly-owned by the Vendor. The particulars of the Company are set out in Part A to Schedule 1.
- (B) **PROJEXASIA LIMITED 博建（香港）有限公司** (“**Projexasia**”) is a company incorporated in Hong Kong with limited liability. As at the date hereof, Projexasia is a direct wholly-owned subsidiary of the Company. The particulars of Projexasia are set out in Part B to Schedule 1.
- (C) As at the date hereof, Scenario-Projexasia Joint Venture (the “**Joint Venture**”) is an unincorporated joint venture. As at the date hereof, the Joint Venture is owned as to 50% by Projexasia and 50% by Scenario Cockram Limited, respectively. The particulars of the Joint Venture are set out in Part C to Schedule 1.
- (D) The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share (as defined below), representing the entire issued share capital of the Company, subject to and upon the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

- 1.1 In this Agreement (including the Recitals and Schedules), unless the context requires otherwise, the following words and expression shall have the meanings

ascribed to each of them respectively below:

“Announcement”	the announcement in the agreed form to be issued by the Holdings in relation to this Agreement and the transactions contemplated hereunder
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Audited Accounts”	the audited consolidated balance sheets of Projexasia as at the Audited Accounts Date and the audited consolidated profit and loss accounts of Projexasia for the year ended on the Audited Accounts Date, copies of which have been attached to this Agreement as Exhibit “A”
“Audited Accounts Date”	31 December 2018, 2019 and/or 2020, as the case may be
“Business Day”	any day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	has the meaning ascribed thereto in Recital (A)
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of this Agreement
“Completion Date”	the date falling on the fifth Business Day after the fulfillment (or waiver) of all the conditions set out in Clause 3.2 (<i>Conditions</i>) or such other date as the Vendor and the Purchaser may agree in writing
“Consideration”	has the meaning ascribed thereto in Clause 4.1 (<i>Consideration</i>)

“Consideration Shares”	an aggregate of 185,000,000 new Holdings Shares to be allotted and issued by the Holdings to the Vendor under the Shares Specific Mandate at the Issue Price credited as fully paid to satisfy part of the Consideration
“Corporate Guarantee”	the corporate guarantee to be executed by the Purchaser in favour of HSBC (in the form and substance to the satisfaction of HSBC) as security for the payment obligations of Projexasia under the banking facilities made available by HSBC to Projexasia
“Disclosed”	disclosed by (or on behalf of) the Vendor or the Company or Projexasia or the Joint Venture to the Purchaser or its agents and advisors in a full, fair, specific and accurate manner in this Agreement (including the Schedules), the Disclosure Letter, the Audited Accounts and/or the Management Accounts
“Disclosure Letter”	the letter of even date issued by the Vendor to the Purchaser containing exceptions or qualifications to the Warranties
“Disney Project Supplemental Agreement”	the agreement to be entered into amongst Hongkong International Theme Parks Limited, Scenario Cockram Limited and Projexasia (as participants of the Joint Venture), which is supplemental to the agreement dated 1 February 2018 for Hong Kong Disneyland Resort Project (GC29) Castle Hub – Completion Package (as subsequently amended by a supplemental agreement thereto dated 26 February 2019 and a supplemental agreement thereto dated 29 November 2019)
“Employment contract”	employment contract having an initial term of one year and to be entered into between Projexasia and Mr. Grant upon Completion, such employment contract shall be in the form or substantially in the agreed form as set out in Schedule 5
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law),

	<p>hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly</p>
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and Projexasia, and the expressions of “Group Company(ies)” and “member(s) of the Group” shall refer to each of the Company, Projexasia and/or other subsidiary(ies) of the Company from time to time, as the case may be
“Holdings Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Holdings
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Intellectual Property Rights”	all (i) trademarks, service marks, brand names, certification marks, collective marks, Internet domain names, logos, symbols, trade dress, trade names, and other indicia of origin, all applications and registrations for the foregoing, and all goodwill associated therewith and symbolized thereby, including all renewals of same; (ii) inventions and discoveries, whether patentable or not, and all patents, registrations, invention disclosures and applications therefor, including divisions, continuations, continuations-in-part and renewal applications, and including renewals, extensions and reissues; (iii) confidential information, trade secrets and know-how, including processes, schematics, business methods, formulae, drawings, prototypes, models, designs, customer lists and supplier lists; (iv) published and unpublished works of

	authorship, whether copyrightable or not (including databases and other compilations of information), copyrights therein and thereto, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; and (v) all other intellectual property or proprietary rights
“Issue Price”	issue price of HK\$0.10 per Consideration Share
“Joint Venture”	has the meaning ascribed thereto in Recital (C)
“Long Stop Date”	31 March 2022, or such later date as the Vendor and the Purchaser may agree in writing
“Management Accounts”	the unaudited consolidated balance sheet of Projexasia as at the Management Accounts Date and the unaudited consolidated profit and loss accounts of Projexasia for the period commencing from 1 January 2021 up to the Management Accounts Date, copies of which have been attached to this Agreement as Exhibit “B”
“Management Accounts Date”	31 July 2021
“Material Adverse Effect”	any event, or circumstance or any combination of them which is or is likely to be materially adverse to (i) the business, operations, business results or financial condition of any of the Group Companies and/or the Group Companies as a whole; or (ii) the ability of the Vendor to perform its obligations under this Agreement
“Mr. Grant”	Mr. Stephen John Grant, being the sole shareholder and sole director of the Vendor and the sole director of each of the Company and Projexasia as at the date hereof
“Permit(s)”	refers to: (i) permit, licence, consent, approval, certificate, qualification, specification, registration or other authorisation; or

	<p>(ii) a filing of a notification, report or assessment,</p> <p>in each case necessary for the effective operation of the business of each of the Group Companies and the Joint Venture and their respective ownership, possession, occupation or use of an asset (where applicable)</p>
“Personal Guarantee(s)”	<p>(i) the guarantee dated 6 June 2019 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, executed by Mr. Grant in favour of HSBC;</p> <p>(ii) the guarantee dated 25 March 2021 limited to an amount of HK\$8,500,000, plus default interest and other costs and expenses, executed by Mr. Grant in favour of HSBC; and</p> <p>(iii) the guarantee dated 2 August 2021 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, executed by Mr. Grant in favour of HSBC,</p> <p>as security for the indebtedness, liabilities and/or obligations of Projexasia under the bank credit facility(ies) granted by HSBC to Projexasia</p>
“Placee(s)”	any individuals, corporates, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	China Rise Securities Asset Management Company Limited, being a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being appointed by the Holdings under the Placing

Agreement

“Placing Agreement”	conditional placing agreement dated 19 October 2021 and entered into between the Holdings and the Placing Agent in relation to the Placing under the Placing Specific Mandate
“Placing Shares”	an aggregate of up to 65,000,000 new Holdings Shares to be placed pursuant to the terms and conditions of the Placing Agreement and each a “Placing Share”
“Placing Specific Mandate”	a specific mandate to be sought from shareholders of the Holdings for the allotment and issue of the Placing Shares upon the completion of the Placing
“PRC”	the People’s Republic of China which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Projexasia”	has the meaning ascribed thereto in Recital (B)
“Purchaser’s Confirmation”	a confirmation letter to be issued by the Purchaser to the Vendor, which shall be in a form or substantially in the agreed form as set out in Schedule 7, confirming that the due diligence review on the Group and the Joint Venture is satisfactory as referred to in condition (a) set out in Clause 3.2 (<i>Conditions</i>) of this Agreement, together with a list of documents set out in the schedule thereto, which shall be mutually agreed and signed by the Purchaser and the Vendor at Completion
“Sale Share”	being one (1) Share, representing the entire issued share capital of the Company as at the date of this Agreement and on Completion, legally and beneficially owned by the Vendor as at the date hereof
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter

571 of the Laws of Hong Kong)

“Share(s)”	has the meaning ascribed thereto in Recital (A)
“Shares Specific Mandate”	specific mandate to be sought from the shareholders of the Holdings for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Tax Indemnity”	deed of indemnity to be made amongst the Vendor, the Purchaser (or its nominee) and Projexasia, which shall be in or substantially in the agreed form set out in Schedule 3
“Taxation”	all forms of taxation including overseas taxation and all forms of profits tax, interest tax, estate duty and stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed by any statutory, governmental state, provincial, local government or municipal authority whatsoever and the expression “Tax” shall be construed accordingly
“this Agreement”	this agreement for the sale and purchase of the Sale Share, as amended, supplemented or modified from time to time
“Undertaking”	a deed of undertaking (in a form or substantially in the agreed form as set out in Schedule 6) to be executed and delivered by the Purchaser in favour of Mr. Grant, pursuant to which the Purchaser shall fully indemnify and hold Mr. Grant harmless on demand from and against any and all reasonable costs, expenses, claims, losses and liabilities which may be incurred or suffered by Mr. Grant on a dollar-for-dollar basis in respect of any obligation or liability of Mr. Grant arising out of the Personal Guarantee(s) for the period commencing from the Completion Date and ending on the date of full release and discharge of Mr. Grant’s liabilities and

obligations under the Personal Guarantees, and such Undertaking shall only take effect in the event that Completion has taken place, and HSBC has not immediately and fully release and discharge Mr. Grant's liabilities and obligations under the Personal Guarantees

“Warranty(ies)”

the representation(s), warranty(ies) and undertaking(s) set out in Schedule 2 and all other representation(s), undertaking(s) and warranty(ies) provided by the Vendor to the Purchaser under this Agreement

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

- 1.2 References herein to Clauses, the Schedules and the Exhibits are to clauses in, the schedules to and the exhibits to, this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.3 The expressions the **“Vendor”**, the **“Purchaser”** and **“Holdings”** shall, where the context permits, include their respective successors and personal representatives.
- 1.4 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.5 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.
- 1.6 In this Agreement, any reference to a document in the **“agreed form”** is to a form of the relevant document which is in form and substance satisfactory to the Purchaser/Holdings and the Vendor.

2. SALE AND PURCHASE OF THE SALE SHARE

- 2.1 Subject to and upon the terms and conditions of this Agreement, the Vendor shall as legal and beneficial owner sell and the Purchaser shall purchase the Sale Share free from all Encumbrances with effect from Completion together with all rights and benefits of any nature whatsoever now and hereafter attaching or accruing thereto including but not limited to all rights to any dividends or other distribution paid, declared or made in respect thereof at any time on or after Completion.

3. CONDITIONS

- 3.1 The Purchaser shall and shall procure that its agents shall forthwith upon the signing

of this Agreement conduct such review of the assets, liabilities, operations and affairs of the Group and the Joint Venture as it may reasonably consider appropriate and the Vendor shall provide and procure the Group, the Joint Venture and their agents to provide such assistance as the Purchaser or its agents may reasonably require in connection with such review.

3.2 Completion shall be conditional upon and subject to:

- (a) the Purchaser being satisfied with the results of the due diligence review on the Group and the Joint Venture to be conducted under Clause 3.1;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Company, Projexasia and the Joint Venture (if applicable) in respect of this Agreement and the transactions contemplated hereunder having been obtained and remain in full force and effect;
- (c) all necessary consents and approvals required to be obtained on the part of the Holdings in respect of (i) this Agreement and the transactions contemplated hereunder; and (ii) the Placing Agreement and the transactions contemplated thereunder, having been obtained and remain in full force and effect;
- (d) the passing by the shareholders of the Holdings at its extraordinary general meeting to be convened and held in accordance with the requirements of the GEM Listing Rules, of such resolution(s) to approve, this Agreement and the transactions contemplated hereunder, including but not limited to the grant of the Shares Specific Mandate and the allotment and issue of the Consideration Shares;
- (e) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- (f) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares;
- (g) the Placing having been completed with net proceeds of not less than HK\$5,500,000;
- (h) a written indication from HSBC, which grants an approval in-principle for the full discharge and release of Mr. Grant's liabilities and obligations under the Personal Guarantees subject to the execution of the Corporate Guarantee upon Completion, and states that such approval in-principle is approved by such relevant department or division of HSBC which has the authority to make the final approval on the release of the Personal Guarantees, or in such other form mutually acceptable to both the Purchaser and the Vendor, together with the form/template of the Corporate Guarantee that is required to be signed by the Purchaser, having been obtained; and
- (i) the Warranties remaining true and accurate and not misleading in all

material respects.

3.3 The Vendor shall use its best endeavours to assist the Purchaser in connection with the due diligence review to be conducted under Clause 3.1 and procure the fulfillment of the conditions (b) and (i) set out in Clause 3.2 above. The Vendor shall procure that all information and documents required pursuant to the GEM Listing Rules, and other applicable rules, codes and regulations whether in connection with the preparation of all circulars, reports, documents, independent advice or otherwise are duly given promptly to the Purchaser, the Stock Exchange, the SFC and other relevant regulatory authorities. The Purchaser shall use its best endeavours to procure the fulfilment of the conditions (c) to (g) set out in Clause 3.2 above. Both the Vendor and the Purchaser shall use their best endeavours to procure that all information and documents required by HSBC are duly given promptly to HSBC for the fulfillment of condition (h) set out in Clause 3.2 above.

3.4 The Purchaser may at its absolute discretion at any time waive in writing any of the conditions (a) and (i) set out in Clause 3.2 and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. The Vendor may at its absolute discretion at any time waive in writing the condition (h) set out in Clause 3.2 and such waiver may be made subject to such terms and conditions as are determined by the Vendor. All other conditions are incapable of being waived by any Parties. If the conditions set out in Clause 3.2 have not been satisfied (or as the case may be, waived by the Purchaser and/or the Vendor) on or before 4:00 p.m. on the Long Stop Date, this Agreement shall cease and be terminated (save and except Clauses 3.4, 6 (*Restriction on announcements*), 12 (*Notices*), 18 (*Costs and expenses*) and 20 (*Governing law and jurisdiction*) which shall continue to have full force and effect), and thereafter neither Party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

4. **CONSIDERATION**

4.1 The consideration for the sale and purchase of the Sale Share shall be the sum of HK\$24,000,000 (the “**Consideration**”), which shall be satisfied by the Purchaser in the following manner:

- (a) as to HK\$18,500,000 shall be paid by allotting and issuing to the Vendor an aggregate of 185,000,000 Consideration Shares, credited as fully paid, at the Issue Price upon Completion; and
- (b) the remaining balance of HK\$5,500,000 (the “**Remaining Consideration**”) shall be satisfied by the Purchaser by way of cash immediately upon Completion.

4.2 The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects *inter se* and with all other Holdings Shares in issue as at the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

5. COMPLETION

- 5.1 Upon compliance with or fulfilment (or waiver) of all the conditions set out in Clause 3.2 (*Conditions*), Completion shall take place at 4:00 p.m. on the Completion Date, or such other date as the Vendor and the Purchaser may agree, at 9/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, or such other place as the Vendor and the Purchaser may agree, when all the acts and requirements set out in this Clause 5 shall be complied with.
- 5.2 At Completion, the Vendor shall deliver or cause to be delivered to the Purchaser:
- (a) instrument of transfer in respect of the transfer of the Sale Share duly executed by the Vendor in favour of the Purchaser (or its nominee);
 - (b) original share certificate in respect of the Sale Share;
 - (c) such other documents as may be required to give to the Purchaser (or its nominee) good title to the Sale Share and to enable the Purchaser (or its nominee) to become the registered owner thereof;
 - (d) if applicable, all certificate of incorporation, certificate(s) of change of name, the memorandum and articles of association or other constitutional documents, common seal, rubber chop, minutes book, business registration certificate, register of directors, register of members and transfer and share certificate book of the Company, Projexasia and the Joint Venture which are in the possession of the Vendor;
 - (e) all books of account, records, ledgers, receipts, vouchers, tax assessment computations, copies of tax returns and documents of and relating to the Company, Projexasia and the Joint Venture which are in the possession of the Vendor;
 - (f) the title deeds and other books, records and documents of and relating to the Company, Projexasia and the Joint Venture (to the extent in the possession of or under the control of Projexasia), including without limitation, business contracts, other contracts and policies of insurance, cheque books and the bank statements, if any, up to the date immediately preceding Completion of all relevant accounts;
 - (g) the Tax Indemnity (in or substantially in the agreed form as set out in Schedule 3) duly executed under seal by the Vendor and Projexasia;
 - (h) the original of a certificate issued by the Vendor confirming (i) all necessary consents and approvals required to be obtained on the part of the Vendor, the Company, Projexasia and the Joint Venture (if applicable) in respect of this Agreement and the transactions contemplated hereunder having been obtained as referred to in condition (b) set out in Clause 3.2 (*Conditions*); and (ii) the Warranties remaining true and accurate and not misleading in all material respects as referred to in condition (i) set out in

Clause 3.2 (*Conditions*);

- (i) if so requested by the Purchaser, the written resignation of the director(s) and company secretary of the Group Companies and/or, to the extent such directors are nominated by Projexasia, the Joint Venture together with a written acknowledge under seal from each of them that he/she/it has no claims against the respective Group Companies and/or the Joint Venture (as the case may be) whether by way of compensation, remuneration, severance payments, expenses, damages or otherwise;
- (j) a copy, certified as true and complete by a director of each of the Group Companies and the Joint Venture, of the resolutions of the board of directors of each of the Group Companies and the Joint Venture referred to in Clause 5.3;
- (k) an application for the Consideration Shares (in or substantially in the agreed form as set out in Schedule 4) duly signed by the Vendor for the allotment and issue of the Consideration Shares to be allotted and issued to the Vendor pursuant to Clause 4 (*Consideration*); and
- (l) the Employment Contract (in or substantially in the agreed form as set out in Schedule 5) duly signed by Mr. Grant.

5.3 The Vendor shall procure minutes or written resolutions of the board of directors of each of the Group Companies and the Joint Venture, of which resolutions shall be passed for:

- (a) in case of the Company, the approval for the transfer of the Sale Share to the Purchaser (or its nominee) and the registration of such transfer, and the issue of the relevant share certificate to the Purchaser (or its nominee);
- (b) in the case of Projexasia, the approval of each of the Tax Indemnity and the Employment Contract and other documents necessary for the purpose of effecting such transactions contemplated thereunder, and authorisation of execution of the same (under seal, where appropriate) for and on behalf of Projexasia;
- (c) if so requested by the Purchaser, the amendment of all existing mandates for operation of all the bank accounts maintained by the Company, Projexasia and/or the Joint Venture (to the extent that the authorised signatory(ies) in such mandates are nominated by Projexasia) in such manner as the Purchaser or its nominee may require; and
- (d) if so requested by the Purchaser, the acceptance of the resignation of the director(s) and/or company secretary of the Group Companies and/or the Joint Venture and the appointment of such person(s) nominated by the Purchaser as director(s) and/or company secretary of the Group Companies and/or, to the extent the directors are nominated by Projexasia, the Joint Venture with effect from Completion.

5.4 Against compliance and fulfillment of all acts or requirements set out in Clauses 5.2 and 5.3,

- (a) the Purchaser (or its nominee, as the case may be) shall deliver to the Vendor:
 - (i) duly executed instrument of transfer in respect of the Sale Share;
 - (ii) a copy, certified as true and complete by a director of the Purchaser (or its nominee, as the case may be), of resolutions of the board of directors of the Purchaser (or its nominee, as the case may be) approving this Agreement, the Tax Indemnity, the Undertaking, the Corporate Guarantee and other documents necessary for the purpose of effecting the transactions contemplated thereunder, and authorising a person or persons to execute the same and other documents incidental thereto and contemplated thereby (under seal, where appropriate) for and on its behalf;
 - (iii) the Tax Indemnity (in or substantially in the agreed form as set out in Schedule 3) duly executed under seal by the Purchaser (or its nominee);
 - (iv) the Purchaser's Confirmation (in or substantially in the agreed form as set out in Schedule 7) issued by the Purchaser to the Vendor;
 - (v) one or more cheque(s) drawn on an account with, or cashier's order(s) issued by, a licensed bank in Hong Kong and made payable to the Vendor or its nominee in accordance with Clause 4 (*Consideration*);
 - (vi) the Corporate Guarantee and any ancillary documents thereto (in the form and substance to the satisfaction of HSBC) duly executed (under seal, if required) by the Purchaser in favour of HSBC;
 - (vii) the Employment Contract (in or substantially in the agreed form as set out in Schedule 5) duly signed by Projexasia; and
 - (viii) the original Undertaking (in or substantially in the agreed form as set out in Schedule 6) duly executed under seal by the Purchaser.
- (b) the Holdings shall:
 - (i) convene and hold a meeting of the board of directors of the Holdings for the passing of the necessary resolutions to approve this Agreement and other documents for the purpose of effecting this Agreement, the transactions contemplated thereby and completion of the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid, pursuant to Clause 4 (*Consideration*), and authorising a person or

persons to execute the same and other documents incidental thereto and contemplated thereby (under seal, where appropriate) for and on its behalf, and deliver to the Vendor a copy, certified as true and complete by a director of the Holdings, of such resolutions; and

- (ii) allot and issue such number of the Consideration Shares to the Vendor, credited as fully paid, pursuant to Clause 4 (*Consideration*) and cause the Vendor to be registered on the register of members of the Holdings as the registered holder of the Consideration Shares and deliver to the Vendor the original share certificate(s) for the Consideration Shares.

5.5 In the event that the Vendor fails to do anything required to be done by it under Clauses 5.2, and 5.3, without prejudice to any other right or remedy available to the Purchaser, the Purchaser may:

- (a) defer Completion to a day not more than 28 days after the date fixed for Completion or upon mutual consent by the Vendor and the Purchaser; or
- (b) proceed to Completion so far as practicable but without prejudice to the Purchaser's right to the extent that the Vendor shall not have complied with its obligations hereunder; or
- (c) rescind this Agreement without liability on its part.

5.6 In the event that the Purchaser fails to do anything required to be done by it under Clause 5.4, without prejudice to any other right or remedy available to the Vendor, the Vendor may:

- (a) defer Completion to a day not more than 28 days after the date fixed for Completion or upon mutual consent by the Purchaser and the Vendor; or
- (b) proceed to Completion so far as practicable but without prejudice to the Vendor's right to the extent that the Purchaser shall not have complied with its obligations hereunder; or
- (c) rescind this Agreement without liability on its part.

6. RESTRICTION ON ANNOUNCEMENTS

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

- 6.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the Parties or unless an announcement is required pursuant to the GEM Listing Rules, the applicable law and the regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority. Any announcement by any Party and/or its listed shareholder required to be made pursuant to any relevant law or regulation or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority shall be issued only after such prior consultation with the other Party as is reasonably practicable in the circumstances.

7. WARRANTIES AND UNDERTAKINGS

- 7.1 The Vendor hereby represents and warrants to the Purchaser and its successors and assigns that the Warranties are true and accurate in all respects as at the date of this Agreement and will continue to be so up to and including the time of Completion.
- 7.2 Each of the Warranties is without prejudice to any other Warranty and, except where expressly or otherwise stated, no provision in any Warranty shall govern or limit the extent or application of any other provision in any Warranty. The Vendor hereby agrees that the Purchaser shall treat each of the Warranties as a condition of this Agreement.
- 7.3 The Vendor hereby agrees to fully indemnify and keep the Purchaser and its assigns fully indemnified on demand from and against any depletion of assets, all losses, costs and expenses (including legal expenses) which the Purchaser may incur or sustain from or in consequence of any of the Warranties not being correct or fully complied with. Such indemnity shall be without prejudice to any of the rights and remedies of the Purchaser and its assigns in relation to any such breach of Warranties and all such rights and remedies are hereby expressly reserved.
- 7.4 If it shall be found at any time after Completion that any of the Warranties is not true, correct and accurate or is not as represented, warranted or undertaken and:
- (a) the effect thereof is that the value of some assets of the Group Companies and/or the Joint Venture including, without limitation, the value of any asset stated in the Audited Accounts and/or the Management Accounts is less than its value would have been had there been no such breach or the matter warranted were as warranted; or
 - (b) the Group Companies and/or the Joint Venture has/have incurred or is/are under any liability or contingent liability which would not have been incurred if such matter were as represented or warranted or the relevant undertaking were performed; or
 - (c) the effect thereof is that the amount of a liability of the Group Companies and/or the Joint Venture is higher than its amount would have been had there been no such breach or the matter warranted were as warranted,

then, without prejudice to any other provisions of this Agreement, the Vendor shall indemnify the Purchaser on demand on a full indemnity basis, and holds it harmless

from and against all liabilities, damages, costs, claims, reduction in net assets or increase in net liabilities and all reasonable expenses which the Purchaser may sustain, suffer, or incur as a result of any of the foregoing and the Vendor shall pay to the Purchaser on demand the full amount of any such loss as aforesaid in immediately available funds. The aggregate liability of the Vendor under and in relation to this Agreement (but excluding Clauses 7.9 and 7.10) and/or the Tax Indemnity shall not exceed the amount equivalent to the Consideration. The Purchaser shall not be entitled to claim that any fact, matter or circumstance results in any breach of any of the Warranties or any of the other obligations of the Vendor under or in relation to this Agreement if such fact, matter or circumstance has been Disclosed in any provisions of this Agreement or any of the documents attached thereto in the Disclosure Letter, the Audited Accounts, the Management Accounts, the audited accounts of the Joint Venture as at the Audited Accounts Date and/or the management accounts of the Joint Venture as at the Management Accounts Date. The Vendor will not be liable for a breach of any of the Warranties to the extent that the loss suffered by the Purchaser or any Group Company also gives rise to an equivalent claim under the Tax Indemnity and the Vendor has satisfied such equivalent claim. The Vendor will not be liable for a claim under the Tax Indemnity to the extent that an equivalent claim has been made under the Warranties and the Vendor has satisfied such equivalent claim.

- 7.5 The Warranties shall survive Completion and the rights and remedies of the Purchaser in respect of any breach of the applicable Warranties shall not be affected by Completion or by the Vendor or the Purchaser, as applicable, rescinding, or failing to rescind this Agreement, or failing to exercise or delaying the exercise of any right or remedy, or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- 7.6 The Purchaser shall be entitled to take action both before Completion and for the period of two years from the Completion Date in respect of any breach or non-fulfillment of any of the relevant Warranties and Completion shall not in any way constitute a waiver of any right of the Purchaser.
- 7.7 The Vendor undertakes in relation to any relevant Warranty which refers to the knowledge, information or belief of the Vendor that it has made reasonable enquiry into the subject matter of that relevant Warranty and that it does not have the knowledge, information or belief that the subject matter of that relevant Warranty may not be correct, complete or accurate.
- 7.8 The Vendor shall immediately inform the Purchaser in writing of any fact, matter, event or circumstance which renders any of the relevant Warranties untrue, inaccurate or misleading or will give rise to a breach of any of the relevant Warranties.
- 7.9 The Vendor irrevocably and unconditionally agrees and undertakes to the Purchaser that the audited net asset value of the Joint Venture as at the earlier of the date of closing of the Joint Venture (the “**Date of Closing of the JV**”) and the first anniversary of the Completion Date shall exceed nil. In the event that the audited

net asset value of the Joint Venture is nil or negative as at the earlier of the Date of Closing of the JV and the first anniversary of the Completion Date (the “**NAV Shortfall**”), the Vendor shall pay the full amount of the NAV Shortfall on a dollar-for-dollar basis to Projexasia on demand and shall fully indemnify the Purchaser and/or Projexasia and keep the Purchaser and/or Projexasia fully indemnified on demand from and against any and all claims, losses, liabilities, costs and expenses which may be incurred or suffered by the Purchaser and/or Projexasia in respect of any obligation or liability of or claims against or losses suffered or costs and expenses incurred by the Purchaser and/or Projexasia arising out of or resulting from the NAV Shortfall.

7.10 The Vendor irrevocably and unconditionally agrees and undertakes the Purchaser the following:

- (a) that the Disney Project Supplemental Agreement shall be entered into amongst Hongkong International Theme Parks Limited, Scenario Cockram Limited and Projexasia (as participants of the Joint Venture), pursuant to which the Settlement Amount (as defined in the Disney Project Supplemental Agreement) to be payable by Hongkong International Theme Parks Limited shall be no less than HK\$49,000,000; and
- (b) that after deduction of the amount of payables due by the Joint Venture to the subcontractors and suppliers for construction-related materials and services in relation to the Hong Kong Disneyland Resort Project (GC29) Castle Hub and other payables of the Joint Venture, the share of profit entitled by Projexasia resulting or arising from the Disney Project Supplemental Agreement in the amount of no less than HK\$4,275,430.33 (the “**Amount of Share of Profit from JV**”) shall be received by Projexasia by the Date of Closing of the JV.

In the event that the Amount of Share of Profit from JV has not been received by Projexasia by the Date of Closing of the JV, the Vendor shall pay the full amount of the Amount of Share of Profit from JV (or any shortfall thereof) on a dollar-for-dollar basis to Projexasia and to fully indemnify the Purchaser and/or Projexasia and keep the Purchaser and/or Projexasia fully indemnified on demand from and against any and all claims, losses, liabilities, costs and expenses which may be incurred or suffered by the Purchaser and/or Projexasia in respect of any obligation or liability of or claims against or losses suffered or costs and expenses incurred by the Purchaser and/or Projexasia arising out of or resulting from the failure to comply with paragraph (b) above.

8. **RESCISSION**

8.1 If at any time before Completion, the Purchaser finds that any of the Warranties is incorrect or has not been or is incapable of being fulfilled, the Purchaser may rescind this Agreement by written notice to the Vendor. If the Purchaser shall elect to rescind this Agreement, the Vendor shall fully indemnify the Purchaser and keep the Purchaser fully indemnified in respect of all fees, costs and expenses (including legal fees) reasonably incurred by the Purchaser in connection with the negotiation,

preparation, execution and rescission of this Agreement.

- 8.2 The Purchaser's rights under Clause 8.1 are in addition to and without prejudice to all other rights and remedies available to the Purchaser and any partial exercise of or failure to exercise such rights shall not constitute a waiver of such rights or of any other rights whether conferred under this Agreement or otherwise.

9. CONDUCT OF BUSINESS PENDING COMPLETION

- 9.1 The Vendor hereby undertakes with the Purchaser that, except as required by this Agreement or in the ordinary and usual course of business of the Group and the Joint Venture, no resolution of the directors or members of the Group and the Joint Venture shall be passed prior to Completion without the prior written consent of the Purchaser (such consent shall not be unreasonably withheld or delayed).

- 9.2 The Vendor hereby undertakes with the Purchaser that until Completion the Group Companies and the Joint Venture shall carry on their respective business in a manner consistent with their existing practice and shall:

- (a) procure that the Group Companies and the Joint Venture shall not without first obtaining the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed) enter into any contract or commitment of an unusual or onerous nature or other than in the normal and ordinary course of business; and
- (b) keep the Purchaser reasonably informed of all significant matters relating to the Group Companies and the Joint Venture, their respective business, assets and prospects.

- 9.3 Without prejudice and notwithstanding Clauses 9.1 and 9.2, the Vendor undertakes to the Purchaser that the Vendor shall until Completion take all steps necessary to ensure that, except as required by this Agreement or by applicable law or in the ordinary and usual course of business of the Group Companies and the Joint Venture, the Group Companies and the Joint Venture shall not carry out any of the following actions and no resolution of the board of directors of the Group Companies and the Joint Venture or of its general meeting shall be passed to carry out the same unless the prior written consents (which consent shall not be unreasonably withheld or delayed) of the Purchaser are obtained:

- (a) the creation or issue of any shares in any Group Company and/or the Joint Venture (if applicable) or the grant of any options over any shares or the uncalled capital of any Group Company and the Joint Venture (if applicable) or the issue of any warrant, debentures, securities or other obligations convertible into shares in any Group Company and the Joint Venture (if applicable) or enter into any agreement to do any of the same;
- (b) the capitalisation, repayment or other form of distribution of any amount standing to the credit of any reserve of any Group Company and/or the Joint Venture (if applicable) on the redemption or purchase of any shares in any

Group Company and/or the Joint Venture (if applicable) or any other reorganisation of share capital;

- (c) the winding-up or liquidation of any Group Company and/or the Joint Venture (if applicable);
- (d) the alteration of the rights attaching to the Sale Share or the shares in any Group Company and/or the Joint Venture;
- (e) the alteration of the memorandum and articles of association or other constitutional documents of any Group Company and/or the Joint Venture (if applicable) and the passing of any resolutions inconsistent with the provisions of this Agreement;
- (f) the acquisition or disposal of any lease or any other interests in real property owned or occupied by any Group Company and/or the Joint Venture or the creation of any mortgage or other encumbrance over such property;
- (g) the acquisition or disposal of any property or other asset by any Group Company and/or the Joint Venture if the aggregate sum involved exceeds (or, in the case of a disposal, if the book value exceeds) HK\$200,000;
- (h) the acquisition or formation by any Group Company and/or the Joint Venture of any subsidiary or the acquisition of any share in any other company or the participation by any Group Company and/or the Joint Venture in any partnership or joint venture;
- (i) the sale or disposal of the whole or a substantial part of the undertaking or the assets of any Group Company and/or the Joint Venture;
- (j) the entering into of any material contract by any Group Company and/or the Joint Venture (if applicable) other than in its ordinary course of business;
- (k) the lending of any moneys (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposit), the granting of any credit or the giving of any guarantee or indemnity;
- (l) the amalgamation or merger of any Group Company and/or the Joint Venture (if applicable) with any other company or concern;
- (m) the alteration of the composition of any board of directors of any Group Company and/or the Joint Venture;
- (n) the making, declaration or payment by any Group Company and/or the Joint Venture of any dividend or other distribution;
- (o) the making of any capital commitment by any Group Company and/or the Joint Venture;

- (p) save for the existing banking facilities available to Projexasia, the borrowing of any moneys from banks, financial institutions and any other third parties, a licensed money lender whose ordinary course of business involves money lending and borrowing, provided further that such new loans can be prepaid or repaid by any Group Company and/or the Joint Venture before Completion;
- (q) doing, allowing or procuring any act or omission on or before Completion which will constitute a breach of any of the Warranties;
- (r) doing anything which is likely to materially jeopardize or diminish the value of any tangible assets of any Group Company and/or the Joint Venture; or
- (s) injecting any additional capital into the Joint Venture.

10. FURTHER ASSURANCE

- 10.1 The Vendor shall execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Purchaser may reasonably require to vest effectively the legal and beneficial ownership of the Sale Share in the Purchaser (or its nominee).
- 10.2 The Purchaser shall execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Vendor may reasonably require to vest effectively the legal and beneficial ownership of the Consideration Shares in the Vendor.

11. ACCESS TO INFORMATION

The Vendor shall procure that, pending Completion, the Purchaser and its agents, representatives and professional advisers are given promptly on request full access to all such facilities and information regarding the business, assets, liabilities, contracts and affairs of the Group Companies and the Joint Venture and other evidence of ownership of the assets owned by the Group Companies and/or the Joint Venture (if applicable) as the Purchaser may require.

12. NOTICES

- 12.1 Each notice, demand or other communication given, made or serve under this Agreement shall be in writing and delivered or sent to the relevant Party by prepaid postage (by airmail if to another country), email or facsimile transmission or personal delivery to its address, email address or fax number as set out below (or such other address, email address or fax number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Vendor:

Address: Unit 6, 16/F., Enterprise Square Three, 39 Wang Chiu Road,
Kowloon Bay, Hong Kong
Email address: sjgrant@projexasia.com
Fax number: (852) 2866 3211

Attention: The board of directors

To the Purchaser:

Address: Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong
Email address: info@tongkee.com.hk
Fax number: (852) 2408 8738

Attention: The board of directors

- 12.2 Each notice, demand or other communication given, made or serve under this Agreement shall be deemed to have been given and received by the relevant parties (i) within two (2) days after the date of posting, if sent by local mail; four (4) days after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; and (iii) on despatch, if sent by email or facsimile transmission.
- 12.3 The Vendor hereby irrevocably appoints W.H. Wong & Company of Unit 6, 16/F., Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong as its service agent to receive and acknowledge on its behalf service of any notice, writ, summons, order, judgment or communication in relation to this Agreement and further agrees that any such legal process or notice shall be sufficiently served on it if delivered during normal office hours to such agent for service at its address for the time being in Hong Kong. The Vendor further agrees to maintain a duly appointed agent in Hong Kong to accept service of process out of the courts of Hong Kong and to keep the Purchaser informed of the name and address of such agent. Service on W.H. Wong & Company (or such agent as may be notified by the Vendor from time to time) shall be deemed to be service on its appointer.

13. TIME AND NO WAIVER

Time shall in every respect be of the essence of this Agreement but no failure on the part of any Party to exercise, and no delay on its part in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any other right(s) or prejudice or affect any right(s) against any other Parties under the same liability, whether joint, several or otherwise. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

14. INVALIDITY

If at any time any one or more of the provisions of this Agreement is/are or become(s) illegal, invalid or unenforceable in any respect under laws of any jurisdiction, the legality, validity or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

15. AMENDMENTS

This Agreement shall not be amended, supplemented or modified except by instruments in writing signed by each of the Parties.

16. ASSIGNMENT

This Agreement shall be binding on and enure to the benefit of each Party and its respective successors, assignees and transferees provided that none of the Parties shall assign or transfer or purport to assign or transfer any of its rights or obligations hereunder without prior written consent of the other Party.

17. ENTIRE AGREEMENT

This Agreement constitutes an entire agreement between the Parties with respect to the matters dealt with herein and supersedes any previous agreements, arrangements, statements or transactions between the Parties in relation to the subject matters hereof.

18. COSTS AND EXPENSES

- 18.1 Each Party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Completion.

19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of Parties may execute this Agreement by signing any such counterparts.

20. GOVERNING LAW AND JURISDICTION

- 20.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 20.2 The Parties hereby irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong.
- 20.3 Notwithstanding any other provisions of this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third

Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any provisions of this Agreement, and whether so provided in this Agreement or not, no consent of third party is required for the amendment to (including the waiver or compromise of any obligation), rescission of or termination of this Agreement.

SCHEDULE 1

Part A – Details of the Company

Company name:	TREASURE MARK GLOBAL LIMITED	
Place of incorporation:	British Virgin Islands	
Company no.:	2073442	
Date of incorporation:	23 August 2021	
Registered office:	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	
Authorised capital:	a maximum of 50,000 ordinary Shares of a single class with par value of US\$1.00 each	
Issued share capital:	one (1) Share of US\$1.00	
Shareholder (shareholdings in %):	Precise Capital Global Limited	one (1) Share (100%)
Director:	Stephen John Grant	
Nature of business:	Investment holding	

Part B – Details of Projexasia

Company name:	PROJEXASIA LIMITED 博建(香港)有限公司 (formerly known as: (i) PROJEXASIA LIMITED from 31 March 2000 to 19 January 2010; and (ii) WATER MARK INTERNATIONAL LIMITED 大浩國際有限公司 from 20 January 1997 to 30 March 2000)	
Place of incorporation:	Hong Kong	
Company no.:	591917	
Date of incorporation:	20 January 1997	
Registered office:	2/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong	
Issued shares:	4,200,000 ordinary shares	
Shareholder (shareholdings in %):	Treasure Mark Global Limited	4,200,000 shares (100%)
Director:	Stephen John Grant	
Nature of business:	Provision of construction management services and acting as a management contractor	

Part C – Details of the Joint Venture

Joint Venture name:	Scenario-Projexasia Joint Venture		
Joint Venture Agreement:	Joint venture agreement dated 19 December 2017 and entered into between Scenario Cockram Limited and Projexasia Limited		
Business registration no.:	56152178-000-01-21-8		
Joint Venture partners and their participation:	Scenario Cockram Limited	50%	
	Projexasia Limited	50%	
Joint Venture Leader:	Scenario Cockram Limited		
Executive board:	Tom Stapleton Robert Sirgiovanni Stephen John Grant Woo Chi Tong		
Objects and business:	(i) preparation and submission of tender and execution and completion of the works in accordance with the any contract awarded to the Joint Venture by Hong Kong International Theme Parks Limited for the Disney Castle Hub Completion as a result of submission of such tender and the Joint Venture Agreement; and (ii) maximise the profits of the Joint Venture		

SCHEDULE 2

WARRANTIES

Warranties

Unless the context otherwise requires and save and except paragraphs 1 and 2, the representations, warranties and undertakings contained in this Schedule 2 in relation to Projexasia, the Group and/or the Group Companies shall be deemed to be repeated *mutatis mutandis* in relation to the Joint Venture (where applicable).

Save as Disclosed,

1. General information and powers of the Vendor

- 1.1. Each of the Group Companies has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation and is validly existing and in good standing and has full power, authority and legal right to own its assets and carry on its business. The Group Companies have complied with each of its memorandum and articles of association or its equivalent constitutional documents in all material respects and none of the activities, agreements, commitments or rights of the Group Companies is ultra vires or unauthorised.
- 1.2. The information set out in Schedule 1 is true, complete and accurate in all material respects as at the date of this Agreement and immediately before Completion.
- 1.3. Each of the Group Companies and the Joint Venture (where applicable) has not received any notice in relation to any investigation by any authority in the place where its business is conducted.
- 1.4. No order has been made, or petition presented, or resolution passed for the winding up of any Group Company and the Joint Venture (where applicable) nor has any distress, execution or other process been levied in respect of any Group Company and the Joint Venture (where applicable) which remains undischarged; nor is there any unfulfilled or unsatisfied judgment or court order outstanding against each of the Group Companies and the Joint Venture (where applicable).

2. The Sale Share

- 2.1. The Sale Share is free from any and all Encumbrances, and together with all rights and entitlements attaching thereto as at Completion.
- 2.2. The Vendor is the registered and beneficial owner of the Sale Share and has the legal and beneficial right to dispose of the Sale Share.
- 2.3. The Sale Share comprises 100% of the issued share capital of the Company as at the date of this Agreement and on the Completion Date and are fully paid up in accordance with the constitutional documents of the Company and all relevant laws. Except as required by this Agreement, there are no agreements or arrangements in force which

provide for the present or future issue, allotment or transfer of, or grant to any person any right (whether conditional or otherwise) to call for the issue, allotment or transfer of, any share or loan capital of the Company (including without limitation any option or right of pre-emption or conversion).

3. The shares of Group Companies

- 3.1. None of the Group Companies has granted any option or right to call for the issue at any time of any share or loan capital, no such option or right will be granted before Completion and no further share or loan capital of any Group Company will before Completion be created or issued or agreed to be issued.

4. Operation and licences

- 4.1. Each of the Group Companies and the Joint Venture has conducted its business in accordance with all applicable laws, regulations and codes of practice of Hong Kong, the British Virgin Islands, other foreign country or jurisdictions and its memorandum and articles of association or other constitutional document from time to time in force, and there is no violation of, or default with respect to any ordinance, statute, regulation, order, decree or judgment of any court or any governmental agency of Hong Kong and the British Virgin Islands or, to the best of the knowledge of the Vendor, of any foreign country or jurisdiction outstanding against the Group which may have a Material Adverse Effect.
- 4.2. All necessary permissions, licences, consents, Permits and authorities (public and private) have been obtained by each of the Group Companies and the Joint Venture to enable it to carry on its business effectively in the places and in the manner in which such business is now carried on or is contemplated to be carried on and all such licences, consents, Permits and authorities are valid and subsisting and the Vendor knows of no reason why any of them should be suspended, cancelled or revoked or should not be renewed or reissued upon or prior to their expiry.
- 4.3. None of the Group Companies or the Joint Venture or any of its respective directors, officers, agents or employees (during the course of their duties in relation to the Group) have committed, or omitted to do, any act or thing the commission or omission of which is, or could be, in contravention of any ordinance, order, regulation, enactment, statute or the like in Hong Kong or elsewhere which is punishable by fine or other penalty.
- 4.4. All necessary licences, permissions, approvals, Permits and consents required under all applicable laws for the businesses of each of the Group Companies and the Joint Venture have been obtained by it and are in full force and effect, and the Vendor is not aware of any circumstances indicating that any of those licences, permissions, approvals, Permits or consents is likely to be revoked or not renewed in the ordinary course.
- 4.5. Each of the Group Companies and the Joint Venture (as the case may be) is the legal and beneficial owner and is in lawful possession of the Permits which are necessary for the condition of its business free from all Encumbrances and the terms and conditions

as set out in such Permits and such Permits are legal and valid and have been issued or granted by the competent regulatory authorities.

5. **Accounts**

5.1. The Audited Accounts:

- (a) are complete and accurate in all material respects and give a true and fair view of the state of affairs and financial position of each of Projexasia and the Joint Venture at the dates to which they respectively relate;
- (b) comply with all the requirements of the Companies Ordinance and other relevant statutes;
- (c) have been prepared in accordance with Hong Kong Financial Reporting Standards in Hong Kong (the “**Reporting Standards**”) and comply with all relevant Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the time being in force applicable to a Hong Kong company;
- (d) are not affected by any extraordinary, exceptional or non-recurring item;
- (e) fully disclose all the assets of each of Projexasia and the Joint Venture as at the Audited Accounts Date;
- (f) make adequate provision or reserve or note in accordance with the Reporting Standards for all liabilities and capital commitments of each of Projexasia and the Joint Venture outstanding at the date to which they relate, including contingent, unqualified, deferred or disputed liabilities present; and
- (g) make provision or reserve, in accordance with the principles set out in the notes respectively included in them, for all material Taxation liable to be assessed on each of Projexasia and the Joint Venture, or for which Projexasia and the Joint Venture (as the case may be) may be accountable, in respect of the Audited Accounts Date as regards the Audited Accounts respectively and such provision will be sufficient to cover all material Taxation assessed or liable to be assessed on each of Projexasia and the Joint Venture or for which Projexasia and the Joint Venture (as the case may be), is, may be or may become accountable in respect of profits, income earnings, receipts, transfers, events and transactions up to and including the last day to which they relate.

5.2. The Management Accounts:

- (a) comply with all applicable laws and regulations in Hong Kong or the relevant jurisdiction and have been prepared in accordance with the Reporting Standards, Hong Kong Accounting Standards and Interpretations (or the relevant accounting law of the relevant jurisdiction) applied on a consistent basis, except that they may not contain all footnotes required by such generally accepted accounting principles;

- (b) are true and accurate in all material respects and fairly present the financial condition and operating results of each of Projexasia and the Joint Venture as of the dates, and for the periods, indicated therein, subject to normal year-end audit adjustments;
 - (c) fully disclose all the assets and liabilities (including but not limited to guarantee and contingent liabilities) of each of Projexasia and the Joint Venture as at the Management Accounts Date; and
 - (d) are not adversely affected by an unusual, exceptional, extraordinary or non-recurring items which are not disclosed in the Management Accounts.
- 5.3. The accounting records and other accounting books of each of Projexasia and the Joint Venture are in the possession or control of Projexasia and the Joint Venture (as the case may be) and have been properly written up in accordance with generally accepted accounting practice in Hong Kong and together gives a true and fair view of the state of affairs and financial position of Projexasia and the Joint Venture (as the case may be).
- 5.4. Since the Management Accounts Date:
- (a) Neither Projexasia nor the Joint Venture has entered into any material contracts or commitments which is/are outside the ordinary course of its business and there has not been any acquisition or disposal by either Projexasia or the Joint Venture of any material fixed or capital assets for an aggregate value exceeding HK\$1,000,000 or any agreement to effect the same;
 - (b) there has not been any creation of liabilities by either Projexasia or the Joint Venture of a material nature (other than on normal commercial terms in the ordinary and proper course of its business);
 - (c) so far as the Vendor is aware, no event has occurred as regards Projexasia or the Joint Venture which would entitle any third party to terminate any material contract with Projexasia or the Joint Venture (as the case may be) or terminate any material benefit enjoyed by Projexasia or the Joint Venture (as the case may be) or call upon Projexasia or the Joint Venture (as the case may be) to pay any material amount of money before the normal due date therefor or to repay prematurely any indebtedness;
 - (d) Neither Projexasia nor the Joint Venture has created any mortgage or charge on the whole or any part of its assets;
 - (e) Neither Projexasia nor the Joint Venture has had any borrowing or indebtedness save for such borrowings or indebtedness in the nature of borrowing or any other credit facility (including but not limited to any bank overdrafts and acceptance of credits) incurred in the ordinary and usual course of its business;

- (f) the business of each of Projexasia and the Joint Venture has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past, no fixed asset or stock has been written up nor any debt written off, and no unusual or abnormal contract has been entered into by Projexasia or the Joint Venture; and
 - (g) there has been no Material Adverse Effect in the financial or trading position of Projexasia or the Joint Venture.
- 5.5. No part of the amounts included in the Management Accounts or subsequently recorded in the respective books of Projexasia and the Joint Venture, as owing by any debtors, has been released on terms that any debtor pays less than the full book value of the its debt, or has been written off, or has been proven to any extent to be irrecoverable, or is now regarded by Projexasia or the Joint Venture (as the case may be) as irrevocable in whole or in part.
- 5.6. Since the Management Accounts Date, no dividend or other distributions has been declared or paid.
- 5.7. There has been no Material Adverse Change (or Effect) of Projexasia or the Joint Venture since the Management Accounts Date.
- 5.8. Neither Projexasia nor the Joint Venture has had any present intention to discontinue or write down investments in any other businesses nor is any such write down, in the reasonable opinion of the directors of Projexasia or the Joint Venture (as the case may be), is required.
- 5.9. No dividends nor any other distributions declared to shareholders of Projexasia or the Joint Venture remains (if any) unpaid as at the date hereof.

6. Financial matters

- 6.1. The aggregate amount of the bank borrowings of the Group as at the date hereof is not and as at Completion shall not be more than HK\$20,000,000.
- 6.2. Since the Management Accounts Date, there has not been:
- (A) any damage, destruction or loss, whether covered by insurance or not, materially adversely affecting the properties, assets or business of each of the Group Companies or the Joint Venture;
 - (B) save as contemplated under this Agreement, any sale or transfer by each of the Group Companies or the Joint Venture of any material tangible or intangible asset other than in the ordinary and usual course of its business, any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and statutory rights of customers in inventory and other assets;

- (C) save as contemplated under this Agreement, any material transaction not in the ordinary and usual course of business of each of the Group Companies or the Joint Venture;
 - (D) the lapse of any patent, utility models, design, trademark, trade name, service mark, copyright, or licence or any application with respect to the foregoing by each of the Group Companies or the Joint Venture which is material in the context of the business of each of the Group Companies as a whole or the Joint Venture;
 - (E) the making of any material loan, advance, indemnity or guarantee by each of the Group Companies or the Joint Venture to or for the benefit of any person except the creation of accounts receivable in the ordinary and usual course of its business; or
 - (F) an agreement to do any of the foregoing.
- 6.3. The accounting books and records of each of the Group Companies and the Joint Venture have been maintained in accordance with the generally accepted accounting practice in Hong Kong and have been properly written up and properly reflect all the transactions to which that each of the Group Companies and the Joint Venture has been a party and there are at the date hereof no material inaccuracies or discrepancies of any kind contained or reflected in the said books and records.
- 6.4. Each of the Group Companies and the Joint Venture has not had any material obligations or liabilities, including but not limited to guarantee or contingent liabilities, other than those which have arisen in the ordinary and usual course of its business or disclosed in the Audited Accounts and the Management Accounts.
- 6.5. Each of the Group Companies and the Joint Venture does not, as at the date hereof, and will not, as at Completion, have outstanding:
- (a) any borrowing or indebtedness save for such borrowings or indebtedness in the nature of borrowing or any other credit facility (including any bank overdrafts and acceptance of credit) incurred in the ordinary and usual course of its business;
 - (b) any mortgage, charge or debenture or any obligation (including a conditional obligation) to create a mortgage, charge or debenture; or
 - (c) any liabilities outstanding under any guarantee or other contingent obligation.

7. Assets

- 7.1. The assets used in connection with the business of each of the Group Companies and the Joint Venture (if any) which are material in the context of the business of each of the relevant Group Company and the Joint Venture are held by each of the relevant Group Company and the Joint Venture free from all Encumbrances. Each of the relevant Group Company and the Joint Venture (if applicable) is the sole legal and beneficial ownership of such assets.

- 7.2. As at the date of this Agreement, each of the Group Companies and the Joint Venture has not had any plant, machinery, equipment, vehicles and other material assets.
- 7.3. The material assets included in the Management Accounts or acquired by each of the Group Companies and the Joint Venture since the Management Accounts Date:
- (a) are legally and beneficially owned by each of the relevant Group Company and the Joint Venture (as the case may be) free from all Encumbrance;
 - (b) are in the possession or under the control of each of the relevant Group Company and the Joint Venture (as the case may be); and
 - (c) are not subject to any hire purchase, leasing arrangements or other arrangements of a similar nature.

8. Taxation

- 8.1. The Audited Accounts contain adequate provision for all material Taxation including deferred or provisional taxation liable to be assessed on each of the Group Companies and the Joint Venture for the accounting period ended on the last day of the period to which such Audited Accounts relate or for any subsequent period (on the basis of the tax statutes, regulations, circulars and rulings in force at the last day of the period to which such Audited Accounts relate) in respect of any transaction, event or omission occurring or any income or profits or gains earned, accrued or received by each of the Group Companies and the Joint Venture on or prior to the last day of the period to which such Audited Accounts relate or for which each of the Group Companies and the Joint Venture is accountable up to such date and all material contingent liabilities for Taxation have been provided for or disclosed in the Audited Accounts.
- 8.2. Since the last day of the period to which such Audited Accounts relate no further material liability or contingent liability for Taxation has arisen otherwise than as a result of activities of each of the Group Companies and the Joint Venture in the ordinary course of its business.
- 8.3. All returns made by each of the Group Companies and the Joint Venture for material Taxation purposes were when made and remain correct and on a proper basis and all other information supplied to the relevant fiscal authorities for such purpose was when supplied and remains correct and on a proper basis and such returns include all returns and information which each of the Group Companies and the Joint Venture ought to have made or given and are not subject to any dispute with the relevant fiscal authorities in Hong Kong or other relevant jurisdiction at the date hereof and there is no fact or matter which might result in any such dispute or any liability for Taxation (present or future) not provided for in its accounts.
- 8.4. Each of the Group Companies and the Joint Venture has paid all material Taxation that is required to be paid to the relevant fiscal authorities in Hong Kong or other relevant jurisdiction on the due date for payment thereof and is under no liability to pay any penalty or interest in connection therewith and without prejudice to the generality of

the foregoing, each of the Group Companies and the Joint Venture has made all deductions and withholdings in respect or on account of Taxation which it is required or entitled by any relevant legislation to make from any payments made by it including, but not limited to interest, annuities or other annual payment, royalties, rent, remuneration payable to employees or sub-contractors or payment to a non-resident and where appropriate, each of the Group Companies and the Joint Venture has accounted in full to the relevant fiscal authority for any Taxation so deducted or withheld.

9. General authority and corporate matters

- 9.1. The Vendor has full power, capacity and right to enter into, execute and deliver this Agreement and the agreements contemplated herein and to perform the obligations herein, and this Agreement will, when executed, constitute legal, valid and binding obligations of the Vendor and will be enforceable against the same in accordance with its terms.
- 9.2. The execution, delivery and performance of this Agreement by the Vendor does not and will not violate any provision of any law or regulation or any order or decree of any governmental authority, agency or court of the jurisdiction in which it resides or any part thereof prevailing as at the date of this Agreement and as at Completion.
- 9.3. The memorandum and articles of association of each of the Group Companies (if applicable) which had been supplied to the Purchaser is accurate and complete in all respects.
- 9.4. The register of members and other statutory books of each of the Group Companies have been properly kept and duly written up to date and contain an accurate and complete record of the matters with which they should deal with.
- 9.5. The minute books of directors' meetings and of shareholders' meetings of each of the Group Companies respectively contain full and accurate records of all resolutions passed by the directors and the shareholders respectively of each of the Group Companies and no resolutions have been passed by either the directors or the shareholders of the Company which are not recorded in the relevant minute books.
- 9.6. Since the date of its incorporation, no alteration has been made to the memorandum and articles of association of each of the Group Companies and no resolution of any kind of the shareholders of each of the Group Companies has been passed save as otherwise disclosed herein or filed with the Registrar of Companies.
- 9.7. All returns, particulars, resolutions and documents required by the Companies Ordinance or any other legislation to be filed with the Registrar of Companies, or any other authority, in respect of each of the Group Companies have been duly filed and were correct; and due compliance has been made with all the provisions of the Companies Ordinance and other relevant legislation.

- 9.8. All charges against each of the Group Companies have (if appropriate) been registered in accordance with the provisions of the Companies Ordinance and at the relevant Land Registry.
- 9.9. All title deeds relating to the assets of each of the Group Companies and an executed copy of all agreements to which each of the Group Companies is a party, and the original copies of all other documents which are owned by, or which ought to be in the possession of each of the Group Companies are in its possession.

10. Banking facilities

- 10.1. The total amounts from time to time borrowed by each of the Group Companies and the Joint Venture do not exceed any limitation on its borrowing powers contained in its memorandum and articles of association, or in any debenture or other deed or document binding upon each of the Group Companies and the Joint Venture (as the case may be).
- 10.2. Each of the Group Companies and the Joint Venture does not have any outstanding, or has not agreed to create or issue, any loan capital, nor have any Group Company or the Joint Venture factored any of its debts, or engaged in financing of a type which would not require to be shown or reflected in the Audited Accounts or borrowed any money which have not been repaid, save for borrowings not exceeding the amounts shown in the Audited Accounts.
- 10.3. In relation to all mortgages, overdrafts and other loan or financial facilities available to the Group Companies or the Joint Venture:
- (a) there has been no contravention of, or non-compliance with any provision of any of those documents;
 - (b) no steps for the early repayment of any indebtedness have been taken or threatened;
 - (c) save as contemplated under this Agreement, there have not been, nor are there any circumstance whereby the continuation of any of the facilities might be prejudiced, or which might give rise to any alteration in the terms and conditions of any of the facilities;
 - (d) save as contemplated under this Agreement, none of the facilities may be terminated, or mature prior to its stated maturity as a result of the acquisition of the Sale Share or anything contemplated by this Agreement; and
 - (e) full and accurate details of which have been disclosed in writing to the Purchaser.
- 10.4. Each of the Group Companies and the Joint Venture has not lent any money or provided any credit which has not been repaid or owns the benefit of any debt (whether or not due for repayment), other than debts which have arisen in the ordinary course of its business; and each of the Group Companies and the Joint Venture has not made any

loans or extended any credit contrary to the applicable laws and regulations and its constituent documents.

11. Matters since the Audited Accounts Date

11.1. Since the Audited Accounts Date, there has been no Material Adverse Effect affecting the Group Companies or the Joint Venture, and the business of each of the Group Companies and the Joint Venture has been conducted only in the ordinary and usual course consistent with past practice, and no unusual or abnormal contract has been entered into, and that each of the Group Companies and the Joint Venture has not, other than the realisation of securities investments:

- (1) suffered any material adverse change in its assets, liabilities, business, results of operations, prospects or financial condition;
- (2) declared, paid or set aside any dividend or other distribution (whether in cash, stock, property or any combination thereof) in respect of its shares or other securities of each of the Group Companies or the Joint Venture (if applicable);
- (3) incurred any material liabilities or obligations except in the ordinary course of business and consistent with past practice;
- (4) paid, discharged or satisfied any material claims, liabilities or obligations other than the payment, discharge or satisfaction in the ordinary course of business and consistent with past practice of liabilities and obligations reflected or reserved against in the Audited Accounts or liabilities and obligations incurred in the ordinary course of business and consistent with past practice since the Audited Accounts Date;
- (5) made any significant change in any method of accounting or accounting practice; and
- (6) materially changed any method of management or operation in respect of the business, undertaking or assets of each of the Group Companies or the Joint Venture except in manner consistent with proper prior practice.

12. Compliance with laws

12.1. Each of the Group Companies and the Joint Venture has not in any material respect committed, or omitted to do any act or thing, the commission or omission of which is, or could be, in contravention of any ordinance, order, regulation (whether of Hong Kong or elsewhere) giving rise to any fine, penalty, default proceedings or other liabilities on its part.

13. Employment

13.1. To the best of the knowledge of the Vendor, there is no material claim by any person or his/her estate or dependents who is or had been an employee, director or other officer of any Group Company or the Joint Venture whether for any damages, compensation

(whether under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), or otherwise) or other payments and there are no circumstances likely to give rise to such claim.

- 13.2. Each of the Group Companies and the Joint Venture and its employees are not involved in any industrial dispute in material respects, and there are no facts known, or which would on reasonable enquiry be known to each of the relevant Group Company or the Joint Venture (as the case may be) which might suggest that there may be any industrial dispute involving each of the relevant Group Company or the Joint Venture (as the case may be).
- 13.3. Since the Audited Accounts Date,
- (1) no material change has been made in the rate of remuneration, or the emoluments or pension benefits, of any officer, ex-officer or executive of each of the Group Companies or the Joint Venture; and
 - (2) no material change has been made in any other terms of employment of any officer or executive.
- 13.4. Save for any such scheme which each of the Group Companies or the Joint Venture is obliged to join or subscribe under any applicable laws or regulations, each of the Group Companies and the Joint Venture is not under any legal liability or obligation, nor is it a party to any ex-gratia arrangement or promise, to pay retirement benefits, pensions, gratuities, superannuation allowances or the like, to or for the benefit of any past or present officers or employees or their dependents and there are no retirement benefit or pension or death benefits or employment scheme or arrangement in relation to or binding on each of the Group Companies or the Joint Venture or to which any Group Company or the Joint Venture has to make contribution.

14. Insurances

- 14.1. Each of the Group Companies and the Joint Venture will effect all insurances required by law to be effected by it and which ought reasonably to have been effected over its business and assets for a substantial part of its value and covering third party liability of each of the relevant Group Company and the Joint Venture (as the case may be) having taken into account the nature of the business of each of the relevant Group Company and the Joint Venture (as the case may be), the place in which it carries on business and the business of each of the relevant Group Company and the Joint Venture (as the case may be) as a whole.
- 14.2. All such insurances are in full force and effect and nothing has been done or omitted to be done which could make any policy void or voidable and all premium payable has been paid and no claim is outstanding under any of such insurance.
- 14.3. As at the date of this Agreement, each of the Group Companies and the Joint Venture has not effected any insurances and to the best of the knowledge of the Vendor, each of the Group Companies and the Joint Venture does not require to effect any insurances required by law.

15. Properties

- 15.1. Each of the Group Companies and the Joint Venture does not own any real property in Hong Kong or any part of the world and as at the date hereof, each of the Group Companies and the Joint Venture has not entered into any Tenancy Agreement with any parties in respect of any other leased properties.

16. Litigation and contingent liabilities

- 16.1. Each of the Group Companies and the Joint Venture is not and has not been a party to any litigation, arbitration, prosecutions or other legal or contractual proceedings or hearings before any statutory, regulatory or governmental body, department, board of agency or to any material disputes or to or the subject of any investigation by any authority in the place where the business of each of the relevant Group Company and the Joint Venture (as the case may be) is conducted.
- 16.2. There is no dispute with any revenue, or other official, governmental department in Hong Kong or elsewhere, in relation to the affairs of each of the Group Companies and the Joint Venture and there are no facts which may give rise to any dispute in any material respect.
- 16.3. There are no claims pending or threatened, or capable of arising, against any of the Group Companies or the Joint Venture by an employee or workman or third party, in respect of any accident or injury, which are not fully covered by insurance.
- 16.4. There are no unfulfilled or unsatisfied judgment or court orders against any of the Group Companies or the Joint Venture.
- 16.5. Each of the Group Companies and the Joint Venture has not had any contingent liabilities.

17. Intellectual property rights

- 17.1. Neither any of the Group Companies or the Joint Venture owns any Intellectual Property Rights.
- 17.2. Operation of the business of each of the Group Companies or the Joint Venture is not dependent on any Intellectual Property Rights.
- 17.3. Each of the Group Companies and the Joint Venture has not granted and is not obliged to grant any licences or assignments under or in respect of any Intellectual Property Rights or to disclose or provide know how, trade secrets, technical assistance, confidential information or lists of customers or suppliers to any person; and no such disclosure has been made.
- 17.4. The carrying of the business of each of the Group Companies and the Joint Venture in the ordinary and usual course as at present does not and will not infringe any intellectual property rights of any third party or give rise to any commission, royalty or

like fee of a material amount or require any consent or licence to be obtained which is material in the context of the business of each of the relevant Group Company and the Joint Venture (as the case may be).

- 17.5. All fees for the grant or renewal of the Intellectual Property Rights of or used in the business of each of the Group Companies and the Joint Venture and which rights are material to the relevant Group Company and the Joint Venture (as the case may be) have been paid on demand or will be paid in due course and no circumstances exist which might lead to the cancellation, forfeiture or modification of any such Intellectual Property Rights or to the termination of or any claim for damages under any licence of Intellectual Property Rights to the relevant Group Company and the Joint Venture (as the case may be).

18. Insolvency

- 18.1. No orders have been given and no applications have been made and no resolutions have been passed with regard to the liquidation of any Group Company or the Joint Venture; no receiver have been appointed over any of its assets; no distraint, enforcement or any other procedures have been constituted with regard to any assets of any Group Company or the Joint Venture and there are no threatened or pending applications, resolutions, appointments, distraint or enforcement to that effect.
- 18.2. There are no notices to be served on any Group Company or the Joint Venture in connection with any contracts or assets or any legal responsibilities or any other breach or non-observance or purported breach or non-observance.

19. Powers of attorney

- 19.1. There are no subsisting powers of attorney given by any Group Company or the Joint Venture and no person, as agent or otherwise, is entitled or authorised to bind or commit any Group Company or the Joint Venture to any obligation.

20. Contracts and Commitments

- 20.1. Since the Management Accounts Date, each of the Group Companies and the Joint Venture has carried on its business in the ordinary course and, save as mentioned in or as contemplated by this Agreement, each of the Group Companies and the Joint Venture has not entered into any transaction or incurred any material liabilities except in the ordinary course of its day-to-day business and on an arm's length basis for full value.
- 20.2. There is no now outstanding nor, will there be outstanding at Completion with respect to any Group Company or the Joint Venture:
- (a) any agreement (whether by way of guarantee, indemnity, warranty, representation or otherwise) under which any relevant Group Company or the Joint Venture (as the case may be) is under any actual or contingent material liability in respect of the obligations of any person other than itself;

- (b) any contract to which any relevant Group Company or the Joint Venture (as the case may be) is a party which is of a long-term (i.e. more than one year) and non-trading nature or contains any unusual or unduly onerous provision disclosure of which could reasonably be expected to influence the decision of the Purchaser in purchasing any or all of the Sale Share;
 - (c) any sale or purchase option or similar agreement affecting any assets owned or used by the Company (with an aggregate value in the books of account of any relevant Group Company or the Joint Venture (as the case may be) in excess of HK\$1,000,000) except those entered in the ordinary course of day to day trading;
 - (d) any material agreement in excess of HK\$1,000,000 entered into by any relevant Group Company or the Joint Venture (as the case may be) otherwise than by way of bargain at arm's length; and
 - (e) any management agreements, joint venture agreements, agency agreements, processing agreements, construction agreements or any form of agreement whatsoever which entitles any person to bind any relevant Group Company or the Joint Venture (as the case may be) contractually to settle, negotiate or compromise any accounts or claims or to collect, receive or share in any balances or sums payable to any relevant Group Company or the Joint Venture (as the case may be) save in the ordinary course of business.
- 20.3. Each of the Group Companies and the Joint Venture has not received any formal or informal notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand and which exceeds an aggregate amount of HK\$1,000,000.
- 20.4. Each of the Group Companies and the Joint Venture is not under any obligation, or party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort and which is material in the context of the business of each of the relevant Group Companies and the Joint Venture (as the case may be) as a whole.
- 20.5. No party to any contractually binding agreement or arrangement with or under an obligation to any Group Company or the Joint Venture is in default under it, being a default which would be material in the context of any relevant Group Company's or the Joint Venture's financial or trading position (as the case may be) and, so far as the Vendor is aware, there are no circumstances likely to give rise to such a default.
- 20.6. Each of the Group Companies and the Joint Venture is not in default under any agreement or obligation to which it is party or in respect of any other obligations or restrictions binding upon it.
- 20.7. Each of the Group Companies and the Joint Venture does not have any outstanding contracts, engagements or liabilities, whether quantified or disputed, save for (i) as shown in the Management Accounts or (ii) entered into in the ordinary course of its day to day business operations.

20.8. With respect to each of the Group Companies and the Joint Venture there are no:

- (a) contractual arrangements between each of the Group Companies / the Joint Venture (as the case may be) and any party (including but not limited to financiers of each of the Group Companies / the Joint Venture (as the case may be)) which will or may be legally terminated as a result of the execution or completion of this Agreement; or
- (b) liabilities for any statutory or governmental levy or charge other than for Taxation provision for which has been made in the Management Accounts; or
- (c) powers of attorney or other authorities (express or implied) which are still outstanding or effective to or in favour of any person to enter into any contract or commitment or to do anything on its behalf, or
- (d) agreements or arrangements entered into by it otherwise than by way of bargain at arm's length; or
- (e) contracts which are unusual or of a long-term nature or involving or which may involve obligations on it of a nature or magnitude calling for special mention or which cannot be fulfilled or performed on time or without undue or unusual expenditure of money or effort; or
- (f) contracts or arrangements between itself and the parties hereto or their associates other than contracts in the ordinary course of their day to day trading operations.

20.9. The execution and delivery by the Vendor of this Agreement does not, and the sale of the Sale Share and the consummation of the transactions contemplated by this Agreement by the Vendor will not, require any approval by or in respect of, or filing of, or filing with, any relevant governmental body, agency or official (whether at the national, provincial, municipal, local or any other level) on the part of the Vendor.

20.10. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby (including the sale of the Sale Share) will not contravene or constitute a default under or violation of (i) any provision of applicable law or regulations, (ii) the constitutional documents of any Group Company or the Joint Venture, or (iii) any agreement, judgement, injunction, order, decree or other instrument binding upon any Group Company or the Joint Venture.

21. General

21.1. All information (whether oral, written, electronic or in any other form) supplied by or on behalf of the Vendor or any of its officers, directors, employees or advisers, for the purpose of or in connection with this Agreement or the Vendor, and all publicly available information and records of the Vendor (including information contained in statutory filings and registrations) is and was, when supplied or published, true and accurate and not misleading in any material respect.

- 21.2. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby will not result in the breach or cancellation or termination of any of the terms or conditions of or constitute a default under any agreement, commitment or other instrument to which any Group Company is a party or by which any Group Company or its property or assets may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body or any order, writ, injunction or decree of any court, administrative agency or governmental body affecting the Group.
- 21.3. There are no adverse material or substantial factors or circumstances known to the Vendor relating to the business or affairs of the Group which have not been disclosed to the Purchaser.

SCHEDULE 3

Tax Indemnity

THIS DEED OF INDEMNITY is dated _____ and is made

AMONGST:

- (1) **PRECISE CAPITAL GLOBAL LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, VG1110, British Virgin Islands (the “**Covenantor**”);
- (2) **TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司**, a company incorporated in the Cayman Islands with limited liability and having its registered office at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and head office and principal place of business in Hong Kong at Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong (the “**Purchaser**”); and
- (3) **PROJEXASIA LIMITED 博建(香港)有限公司**, a company incorporated in Hong Kong with limited liability and having its registered office at 2/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong (“**Projexasia**”).

(the Purchaser and Projexasia shall hereinafter be referred to collectively as the “**Indemnified Parties**”)

WHEREAS :-

- (A) On 19 October 2021, the Covenantor and the Purchaser entered into an agreement (“**Agreement**”) for the sale and purchase of the entire issued share capital of Treasure Mark Global Limited, being the sole shareholder of Projexasia.
- (B) It is a condition of the Agreement that the Covenantor shall enter into this Deed to provide the Indemnified Parties (to the extent which Projexasia as a participant of the Joint Venture is entitled) with an indemnity subject to the terms and conditions herein contained.

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED as follows:

1. (A) In this Deed, expressions defined or to which a meaning is assigned in the Agreement shall, unless otherwise defined herein, bear the same meanings when used herein.
- (B) In this Deed:
 - (i) “**Relief**” includes any relief, allowance, set off or deduction in computing profits or credit granted by or pursuant to any legislation or otherwise relating to all forms of Taxation;

(ii) **“Taxation”** means:

- (a) any liability to any form of taxation whenever created or imposed and whether of Hong Kong or of any other part of the world and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, interest tax, salaries tax, property tax, estate duty, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, customs and excise duties and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities whether of Hong Kong or of any other part of the world;
- (b) such an amount or amounts as is or are referred to in paragraph (iv) of this Clause; and
- (c) all costs, interest, penalties, charges and expenses incidental or relating to the liability to taxation or the deprivation of Relief or of a right to repayment of taxation which is the subject of the indemnity contained herein to the extent that the same is/are payable or suffered by the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable);

(iii) **“Taxation Claim”** includes any assessment, notice, demand or other documents issued or action taken by or on behalf of the Inland Revenue Department of Hong Kong or any other statutory or governmental authority whatsoever in Hong Kong or any other part of the world from which it appears that any of the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable) is liable or is sought to be made liable for any payment of any form of Taxation or to be deprived of any Relief or right to repayment of any form of Taxation which Relief or right to repayment would but for the Taxation Claim have been available to the Companies and the Joint Venture; and

(iv) in the event of any deprivation of any Relief or of a right to repayment of any form of Taxation there shall be treated as an amount of Taxation for which a liability has arisen the amount of such Relief or repayment or (if smaller) the amount by which the liability to any such Taxation of the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable) would have been reduced by such Relief if there had been no such deprivation as aforesaid, applying the relevant rates of taxation in force in the period or periods in respect of which such Relief would have applied or (where the rate has at the relevant time not been fixed) the last known rate and assuming that the Companies and the Joint Venture had sufficient profits against which such Relief might be set or given.

(v) **“Companies”** means Projexasia and its subsidiary(ies) (if any).

- (C) In this Deed, unless the context otherwise requires, the singular includes the plural and vice versa, words importing any gender include every gender and references to persons include firms, companies and corporations.
 - (D) In this Deed, references to clauses are to Clauses of this Deed.
2. (A) Without prejudice to any of the foregoing provisions of this Deed and subject as hereinafter provided, the Covenantor hereby agrees with the Purchaser, the Companies and the Joint Venture that it will indemnify and at all times keep them and each of them (in respect of the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable)) indemnified against Taxation falling on the Companies and the Joint Venture resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Completion Date or any event or transaction on or before the Completion Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such Taxation is chargeable against or attributable to any other person, firm or company.
 - (B) The indemnity contained in sub-clause (A) above shall not apply to Taxation falling on the Companies and the Joint Venture in respect of its current accounting period or any accounting period commencing on or after the Completion Date unless liability for such Taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, the Companies and the Joint Venture (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Covenantor other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Completion Date; or
 - (ii) consisting of the Companies and/or the Joint Venture ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of Taxation; or
 - (iii) for which adequate provision has been made in the Audited Accounts (as defined in the Agreement) or the Management Accounts (as defined in the Agreement) (as the case may be).
 3. The indemnity given by Clause 2 does not cover any Taxation Claim to the extent that such Taxation Claim arises or is incurred as a result of the imposition of Taxation as a consequence of any retrospective change in the law or practice coming into force after the Completion Date or to the extent that such Taxation Claim arises or is increased by an increase in rates of Taxation after such date with retrospective effect.
 4. No claim under this Deed shall be made by the Purchaser, the Companies and the Joint Venture in respect of the same Taxation.

5. In the event of any Taxation Claim arising, the Purchaser, the Companies and the Joint Venture shall by way of covenant but not as a condition precedent to the liability of the Covenantor hereunder give or procure that notice thereof is as soon as reasonably practicable given to the Covenantor in the manner provided in Clause 10; and, as regards any such Taxation Claim, the Purchaser, the Companies and the Joint Venture shall at the request of the Covenantor take such action, or procure that such action be taken, as the Covenantor may reasonably request to cause the Taxation Claim to be withdrawn, or to dispute, resist, appeal against, compromise or defend the Taxation Claim and any determination in respect thereof but subject to the Purchaser, the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable) being indemnified and secured to its or their reasonable satisfaction by the Covenantor against all losses (including additional Taxation), costs, damages and expenses which may be thereby incurred.
6. (A) If after the Covenantor have made any payment pursuant to Clause 2 hereof, the Companies and the Joint Venture shall receive a refund of all or part of the relevant Taxation (whether pursuant to section 79 of the Inland Revenue Ordinance of Hong Kong or similar legislation elsewhere or otherwise) such company (if it shall receive such refund) shall repay or (if another of the Companies and the Joint Venture shall receive such refund) shall procure repayment by such company (in respect of the Joint Venture, to the extent which Projexasia as a participant of the Joint Venture is entitled), as the case may be to the Covenantor a sum corresponding to the amount of such refund less:
- (i) any expenses, costs and charges properly incurred by the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable), as the case may be, in recovering such refund; and
 - (ii) the amount of any additional Taxation which shall not have been taken into account in calculating any other payment made or to be made pursuant to this Clause but which is suffered by the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable), as the case may be, in consequence of such refund.
- (B) Any payments due by the Covenantor pursuant to the foregoing provisions of this Deed shall be increased to include such interest on unpaid tax as the Companies and the Joint Venture (to the extent which Projexasia as a participant of the Joint Venture is liable) shall have been required to pay pursuant to section 71(5) or section 71(5A) of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) or similar legislation elsewhere or otherwise.
7. The Covenantor shall not be liable in respect of any claim under this Deed unless the same shall have been made on or prior to the expiry of six years from the Completion Date by notice in writing to the Covenantor.
8. The indemnities, guarantees, agreements and undertakings herein contained shall bind the personal representatives or successors of the Covenantor and shall enure for the

benefit of each party's successors or assigns.

9. The whole or any part of the benefit of this Deed may be assigned by the Purchaser, the Companies and the Joint Venture.
10. Any notice required to be given under this Deed shall be in writing and shall be delivered personally or sent by facsimile or by registered or recorded delivery post, postage prepaid to the respective party at the address set out below or such other address as may have been last notified in writing by or on behalf of such party to the other parties hereto. Any such notice shall be deemed to be served at the time when the same is handed to or left at the address of the party to be served and if served by post or facsimile transmission at the time it would have been received in the normal course of post or facsimile.

To the Covenantor :

Address : Unit 6, 16/F., Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong

Fax Number : (852) 2866 3211

Attention : the board of directors

To the Purchaser :

Address : Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong

Fax Number : (852) 2408 8738

Attention : the board of directors

To Projexasia :

Address : 2/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong

Fax Number : (852) 2866 3211

Attention : the board of directors

11. The terms and conditions herein contained constitute the entire agreement between the parties relating to the subject matter hereof and shall supersede all previous communications, oral or written, between the parties with respect to the subject matter hereof which are inconsistent with the provisions of this Deed.
12. Any provision of this Deed prohibited by or unlawful or unenforceable under any applicable law actually applied by any court of competent jurisdiction shall, to the

extent required by such law, be severed from this Deed and rendered ineffective so far as is possible without modifying the remaining provisions of this Deed. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by such law to the end that this Deed shall be valid, binding and enforceable in accordance with its terms.

13. This Deed may be varied, amended or modified only by agreement under seal of all parties.
14. This Deed is governed by and shall be construed in accordance with the laws of Hong Kong and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in relation to any proceedings arising out of or in connection with this Deed.
15. Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Deed. Notwithstanding any term of this Deed, the consent of any person who is not a party is not required to rescind or vary this Deed at any time.

IN WITNESS whereof this Deed has been executed under seal by or on behalf of the parties hereto the date and year first above written.

THE COVENANTOR

EXECUTED AS A DEED by)
affixing the COMMON SEAL of)
)
PRECISE CAPITAL GLOBAL LIMITED))
)
and SIGNED by)
for and on its behalf)
)
in the presence of:)

Witness signature: _____
Name of witness: _____

THE PURCHASER

EXECUTED AS A DEED by)
affixing the COMMON SEAL of)
)
TONG KEE (HOLDING) LIMITED)
榮記（控股）有限公司)
)
and SIGNED by)
for and on its behalf)
)
in the presence of:)

Witness signature: _____
Name of witness: _____

PROJEXASIA

EXECUTED AS A DEED by)
affixing the **COMMON SEAL** of)

PROJEXASIA LIMITED)
博建(香港)有限公司)

and **SIGNED** by)
for and on its behalf)

in the presence of:)

Witness signature: _____

Name of witness: _____

SCHEDULE 4

Application for Consideration Shares

Date:

To: The Board of Directors
TONG KEE (HOLDING) LIMITED (the “**Company**”)
Room 2502, 25/F,
148 Electric Road,
North Point, Hong Kong

Dear Sirs,

Application for Consideration Shares

We refer to the agreement dated 19 October 2021 (the “**Agreement**”) and entered into between the Company as purchaser and Precise Capital Global Limited (the “**Vendor**”) as vendor in relation to the sale and purchase of the entire issued share capital of TREASURE MARK GLOBAL LIMITED (the “**Target Company**”). Unless the context otherwise requires, expressions defined in the Agreement have the same meanings where used in this letter.

Pursuant to and in accordance with the terms of the Agreement, the Company and the Vendor have completed the sale and purchase of the Sale Share on the date hereof.

Pursuant to the terms of the Agreement, we are entitled to be allotted and issued with [*] new ordinary shares having a par value of HK\$0.01 each in the share capital of the Company (being the Consideration Shares referred to in the Agreement), credited as fully paid, to ourselves on the date hereof in partial satisfaction of the Consideration payable to Vendor pursuant to the terms of the Agreement.

We hereby request the Company to allot and issue the said shares to us and to register our name and address on the branch register of members of the Company in Hong Kong in accordance with the memorandum of association and articles of association of the Company. We agree to take the said shares subject to the memorandum of association and articles of association of the Company and authorise the Company to deliver the share certificate(s) of the Consideration Shares applied for to us. For the purpose of the record of the Company, please note our full name, company registration no., occupation, and address set out below:

Name: Precise Capital Global Limited

Company registration no.: 2071920

Occupation: Corporation

Address: Vistra Corporate Services Centre, Wickhams Cay II, Road
Town, VG1110, British Virgin Islands

Yours faithfully
For and on behalf of
Precise Capital Global Limited

Name: Stephen John Grant
Position: Director

SCHEDULE 5

Employment Contract

(Execution Copy)

DATED THE DAY OF 202

PROJEXASIA LIMITED
(as the Company)

AND

GRANT STEPHEN JOHN
(as the Executive)

EMPLOYMENT CONTRACT

THIS AGREEMENT is made on the _____ day of _____ 202

BETWEEN:

- (1) Projexasia Limited, a company incorporated in Hong Kong with limited liability having its registered office at 2/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong (the “**Company**”); and
- (2) Grant, Stephen John (holder of Hong Kong identity card number: P567359(7) of Flat A, 2/F, 3 Macdonnell Road, Mid-levels, Hong Kong (the “**Executive**”).

WHEREAS:

- (1) The Company is a company incorporated in Hong Kong and carries on business of construction management, project management and contracting management (“a contracting and construction management company”) in Hong Kong.
- (2) The Company has agreed to employ the Executive and the Executive has agreed to serve the Company as the Managing Director and a board director of the Company on the terms and conditions set out below.

NOW IT IS AGREED AS FOLLOWS:

1 INTERPRETATION

- 1.1 The definitions and rules of interpretation in this Clause 1.1 apply in this Agreement.

“**Associate(s)**” has the same meaning under the GEM Listing Rules.

“**Board**” means the board of directors of the Company.

“**Completion**” means completion of the sale and purchase of all the issued shares in Treasure Mark in accordance with the terms and conditions of the Sale and Purchase Agreement.

“**GEM Listing Rules**” means the Rules Governing the Listing of Securities on GEM.

“**Group**” means Listco, the Company and their respective subsidiaries from time to time and member of the Group shall be construed accordingly.

“**HSBC**” means The Hongkong and Shanghai Banking Corporation Limited.

“**HSBC Banking Facilities**” means the bank credit facility granted by HSBC under the bank credit facility issued to the Company dated 22 July 2021 and any revised bank credit facilities thereafter.

“**Listco**” means Tong Kee (Holding) Limited 榮記（控股）有限公司, a company incorporated under the laws of the Cayman Islands with limited liability (Company

number F0023693), the issued shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited (stock code: 8305), which is also the purchaser under the Sale and Purchase Agreement.

“Personal Guarantees” means (i) the guarantee dated 6 June 2019 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, executed by the Executive in favour of HSBC; (ii) the guarantee dated 25 March 2021 limited to an amount of HK\$8,500,000, plus default interest and other costs and expenses, executed by the Executive in favour of HSBC; and (iii) the guarantee dated 2 August 2021 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, executed by the Executive in favour of HSBC, as security for the indebtedness, liabilities and/or obligations of the Company under the HSBC Banking Facilities.

“Precise Global” means Precise Capital Global Limited, the company incorporated under the laws of British Virgin Islands with limited liability (Company number 2071920) which is also the vendor under the Sale and Purchase Agreement.

“Sale and Purchase Agreement” means the agreement for sale and purchase of all the issued shares in Treasure Mark dated 19 October 2021 and entered into between Listco as purchaser and Precise Global as vendor.

“Treasure Mark” means Treasure Mark Global Limited, the company incorporated under the laws of British Virgin Islands with limited liability (Company number 2073442) which is also the target under the Sale and Purchase Agreement.

- 1.2 Unless otherwise defined in this Agreement or the context requires otherwise, terms used in this Agreement shall have the same meanings as those defined in the Sale and Purchase Agreement.

2 COMMENCEMENT AND TERM OF EMPLOYMENT

- 2.1 The Executive's employment with the Company shall commence on the date of this Agreement ("**Commencement Date**") and shall continue for a fixed term of 1 year and shall continue thereafter until terminated in accordance with Clause 12 of this Agreement.
- 2.2 The Executive warrants that he is employable by the Company in accordance with all the requirements of the laws of Hong Kong and will notify the Company immediately if he ceases to be so employable at any time during his employment with the Company.

3. JOB TITLE & DUTIES

- 3.1 The Executive is employed by the Company in the capacity of Managing Director and a member of the Board and shall report to the chairman of the board of directors of Listco or such person as the chairman of the board of directors of Listco may delegate from time to time. For the avoidance of doubt, the Executive will not be required to be seconded to any other company within the Group.
- 3.2 The Executive shall during the term of his employment:

- (i) serve the Company in the position as specified in Clause 3.1 on full time basis with such management responsibilities and duties with regard to the operations of the Company and the development and expansion of its business;
 - (ii) use his best endeavours to promote the business interests and reputation of the Company giving at all times the full benefit of his knowledge, expertise and skills;
 - (iii) faithfully and diligently and to the best of his ability perform all such duties as shall be reasonably required by the Board and carry out all lawful and reasonable instructions according to the best of his skill and ability and in compliance with all resolutions and regulations from time to time passed or made by the Board;
 - (iv) faithfully and diligently serve the Group and use his best endeavours to promote the business and interests thereof;
 - (v) at all times keep the Board promptly and fully informed of all matters relating to or in connection with the performance and exercise of his duties and powers under this Agreement; and
 - (vi) provide the Board with monthly bank statements of the Company within 7 days of the month end and monthly management account of the Company within 4-6 weeks of the month end.
- 3.3 During the term of employment with the Company, the Executive must not without the prior written permission of the Board be employed or otherwise engaged in any other trade or profession either directly or indirectly in any capacity whatsoever, save for Asian Leaders Limited (Company registration no.: [1932978]), a company incorporated in [Hong Kong] and wholly-owned by the Executive and principally engaged in the provision of security and guarding services.
- 3.4 Unless the Executive's employment under this Agreement is terminated in accordance with Clause 12.7, the Company undertakes with the Executive that during the period from the Commencement Date till the date on which the Personal Guarantees are fully and effectively released by HSBC, (i) the Executive will not be terminated as a member of the Board, (ii) only one (1) person nominated by Listco will be appointed as an additional director of the Company, and (iii) the Executive will be irrevocably appointed as the chairman at every meeting of the Board, provided that the director nominated by the Listco forms part of the quorum of such meeting.

4. REMUNERATION & BONUS

- 4.1 The Company shall pay to the Executive during his employment from the Commencement Date a basic salary of HK\$269,230.77 per month with a double pay in the last month of the year (the "Basic Monthly Salary") or HK\$3.5 million per annum, less his mandatory provident fund scheme contribution deducted from the Basic Monthly Salary, as required under the Hong Kong law and referred to in Clause 8. The Basic Monthly Salary will be paid in arrears by 12 installments by credit transfer on the last Friday of each month or the last working day before the last Friday of the month if this falls on a Public Holiday into the bank account nominated by him for such purpose.
- 4.2 The Executive shall be solely responsible for the payment of any tax in respect of his salary, bonus, allowance, benefit and all other remuneration under this Agreement (if

any) in Hong Kong and in any other place where he may be subject to payment of tax or similar levy (if any). The Executive shall indemnify the Company for any loss, cost or expense incurred by the Company as a result from his failure to do so.

- 4.3 The Executive will be reimbursed by the Company for premium paid under the Company's group medical insurance scheme, mobile phone, carpark rental and fees, HKIE annual membership fee and other appropriate business expenses up to a limit of HK\$8,000 per month without the approval of the Board. Any reimbursement of expenses exceeding the said limit shall be subject to approval by the Board.

5. INSURANCE

The Company shall indemnify the Executive for any material claims, losses, liabilities, costs (including legal costs) arising from his performance of this Agreement (except those involving misconduct, omission or any kind of fault or negligence on the part of his own), which shall be supported by a professional indemnity insurance policy.

6. PLACE OF WORK

The Executive's place of work depends on a project basis. The Executive agrees to travel on the Company's business (or that of any subsidiaries of the Company) both within Hong Kong and abroad as may be required for the proper performance of his duties under this Agreement and work at such other office of any subsidiaries of the Company.

7. HOLIDAYS

The Executive will be entitled to 24 working days holiday per annum in each year (1 January to 31 December) to be taken at such time or times as may be approved by the Company in advance, in addition to the normal public and bank holidays during which he will be paid his Basic Monthly Salary.

8. MANDATORY PROVIDENT FUND SCHEME

The Executive will have the benefit of participation in the mandatory provident fund scheme provided by the Company, subject to the terms and conditions of such scheme from time to time in force. The Company shall contribute the employer's 5% mandatory minimum contribution and shall deduct from the Executive's Basic Monthly Salary per month the mandatory minimum employee's contribution of 5% as required under Hong Kong law, or such higher amount as the Executive shall notify to the Company or required by law.

9. WORKING HOURS

Working hours of the Executive will be as follows:
Monday - Friday: 08:30 -18:00.

10. SICKNESS & ABSENCE

- 10.1 The Executive is entitled to sick leave in accordance with the provisions of the Employment Ordinance (Cap. 57) of the laws of Hong Kong.

- 10.2 The Executive is required to advise and keep the Company advised of any medical condition that may affect his ability to work or performance of his duties under this Agreement.

11. CONFIDENTIALITY & RESTRICTIONS

- 11.1 The Executive shall not and shall procure his Associates not to, either at any time during or after the term of his employment hereunder use, divulge or communicate to or cause or enable any third party (other than any officer or employee of any member of the Group whose province it is to know the same) to become aware of or use, take away, conceal, destroy or retain for his own or some other person's advantage or to the detriment of any member of the Group any secret, confidential or other information, including but not limited to any of the technological knowhow or information used or applied or which may be used or applied by the Group in relation to its business or potential business or which the Group has obtained from any third party on terms that restrict its disclosure or use, other confidential technical information, any of the trade secrets, client list, accounts, financial or trading information or other confidential or personal information which the Executive may receive or obtain in relation to the business, finances, dealings or affairs of any member of the Group or any principal, joint venture partner, contracting party or client of the Group including any information regarding the products, services, research programme, projects or other technical data, knowhow or specifications, whether in human or machine readable form and whether stored electronically or otherwise, or the finances, proposals, contractual arrangements, principals, joint venture partners, contracting parties, clients, employees or agents of any member of the Group, provided that the provisions of this Clause shall not apply to any information or material which is in the public domain other than as a result of any unauthorised disclosure.
- 11.2 The Executive shall indemnify the Company and/or any member of the Group for any loss, cost or expense incurred as a result of or arising from any breach of Clause 11.1. A breach of confidence by the Executive may result in the Executive's immediate dismissal without notice or pay in lieu of notice or other entitlements upon termination under this Agreement.

12. TERMINATION

- 12.1 The contractual relationship is established for a fixed term of one (1) year (the "**Fixed Term**") and the earliest effective date of termination of this Agreement is therefore one (1) year from the Commencement Date.
- 12.2 Either party may terminate this Agreement by giving the other not less than 6 months' written notice PROVIDED that the Company shall not give notice to the Executive to terminate this Agreement and/or remove the Executive from being a member of the Board before the Personal Guarantees are fully and effectively released by HSBC in writing and that the Executive needs not pay to the Company the payment in lieu of notice if he gives notice to terminate this Agreement because of the Company's breach of any of the undertakings in Clause 3.4.

- 12.3 Upon notice of termination by the Company with effect prior to the end of the Fixed Term, the Company shall accelerate half of Basic Monthly Salary payable by the Company to the Executive in accordance with Clause 4.1 from the effective date of termination to the end of the Fixed Term.
- 12.4 In the event that the Executive tenders his resignation with effect prior to the end of the Fixed Term, the Executive shall pay to the Company an amount equal to the Basic Monthly Salary payable by the Company to the Executive in accordance with Clause 4.1 from the effective date of termination to the end of the Fixed Term, save and except that if any of the Company's action or omission which constitutes constructive dismissal or if the Company is in breach of any of the undertakings in Clause 3.4, the Executive needs not pay to the Company the amount in accordance with this Clause 12.4 if he tenders his resignation with effect prior to the end of the Fixed Term.
- 12.5 In the event that the Executive tenders his resignation as the Managing Director, it will automatically be deemed as resignation from his directorship, effective at the same time.
- 12.6 Upon termination pursuant to Clause 12.2, the Company has absolute discretion during the Executive's notice period to:
- (i) exclude the Executive from the premises and work sites of the Group and any member of the Group;
 - (ii) require the Executive to carry out no duties; and/or
 - (iii) instruct the Executive not to communicate with any clients, employees, business partners, suppliers, agents or representatives of any member of the Group,
- and during any such period the Executive may not be employed by, or provide services (whether with or without remuneration or compensation) to any third party without the consent of the Company.
- 12.7 Notwithstanding any other provisions contained in this Agreement but subject to the last paragraph of this Clause 12.7 and to the provisos in Clauses 12.2 and 12.4, the Company may terminate the Executive's employment summarily and without notice or any entitlements under this Clause if the Executive:
- (i) commits act of habitual negligence or willful disobedience to a lawful and reasonable order in relation to his employment with the Company;
 - (ii) commits any serious and/or repeated acts of misconduct which is prejudicial to the interests or reputation of the Group or any member of the Group;
 - (iii) is guilty of fraud or dishonesty;
 - (iv) is declared bankrupt or makes any arrangement with or for the benefit of his creditors;
 - (v) is incompetent in his work or becomes of unsound mind or a patient under any ordinance relating to mental health; and/or

- (vi) ceases to be eligible to work in Hong Kong.

If the Executive's employment is terminated summarily pursuant to this Clause 12.7, and if and only if such termination occurs after the date on which the Personal Guarantees have been fully and effectively released by HSBC, then the Company shall not be liable to pay to the Executive any payment in lieu of notice, the Basic Monthly Salary, bonus, benefits, payment in lieu of holiday, allowances and/or entitlements, whether entitled under this Agreement or not, in respect of any period after the date of termination, unless any such payment is otherwise required by specific statutory provisions of the laws of Hong Kong and any delay by the Company in exercising its right to terminate shall not constitute a waiver thereof.

- 12.8 All confidential information and notes, memoranda, designs, drawings or other recorded material, whether in written or electronic form and all other materials which may have been made or prepared by the Executive, or at his request, or have come into his possession or under his control in the course of his employment and which relate in any way to the operation, business (including prospective business) or affairs of the Company (or any other member of the Group) or of any client, customer, business partner, supplier, agent, distributor, sub-contractor or employee thereof shall be deemed to be the property of the Company. All such material and all property, including any mobile telephone, belonging to the Company that is in the Executive's possession or under his control must be returned to the Company upon request, and in any event upon the termination of his employment. The Executive undertakes to ensure that all copies of any such documentation and information which are on computer equipment, disks or any other storage media not being returned to the Company are deleted, and that no copies of any such information, in any format, are retained and, if required to do so by the Company, will provide a warranty to the Company that he has complied with the provisions of this Clause.

13. EXECUTIVE'S WARRANTIES AND UNDERTAKINGS

- 13.1 The Executive represents and warrants that:

- (i) Save his interests in Asian Leaders Limited as disclosed in this Agreement, he has prior to the date of this Agreement, disclosed all his personal interests whether as a shareholder, investor, director, consultant, advisor or otherwise in any undertaking which has any business dealings with a member of the Group or which competes with a member of the Group;
- (ii) he has fully disclosed to the Company all circumstances in respect of which there is, or is likely to be, a conflict of interest between the Executive or any member of his family and a member of the Group; and
- (iii) he will notify the Company promptly in writing of any change to the information referred to in this Clause 13.1 (including any interest arising after the date of this Agreement).

- 13.2 The Executive shall not at any time during the continuance of his employment hereunder or for a period of 12 months thereafter either on his own account or in conjunction with

or on behalf of any other person or body corporate or unincorporated in Hong Kong, Macao and/or any place in the Peoples' Republic of China where any member of the Group carries on business carry on or be employed, concerned or interested directly or indirectly whether as a shareholder, director, executive, partner, agent or otherwise and whether alone or jointly with others in or assist any person, firm, company or organisation with technical, commercial or professional advice in carrying on any business carried on by any member of the Group during the continuance of the said employment in competition with any member of the Group (other than as a holder of not more than five percent (5%) of the issued shares or debentures of any company listed on any recognised stock exchange).

- 13.3 The Executive shall not at any time during the continuance of his employment hereunder or for a period of 12 months thereafter either on his own account or in conjunction with or on behalf of any other person or body corporate or unincorporated in competition with any member of the Group, directly or indirectly, solicit or entice away from any member of the Group any person or body corporate or unincorporated any customer or supplier of any member of the Group whether the Executive had personal contact or dealings during his employment or otherwise.
- 13.4 The Executive shall not at any time during the continuance of his employment hereunder or for a period of 12 months thereafter either on his own account or in conjunction with or on behalf of any other person or body corporate or unincorporated directly or indirectly solicit or entice away from any member of the Group or employ or otherwise engage any employee of any member of the Group or employ a consultant of any member of the Group who is likely to be in possession of trade secrets relating to the Group or the business of the Company and/or any member of the Group, whether the Executive had contact with such person during his employment or otherwise.
- 13.5 In consideration of the remuneration payable to the Executive under this Agreement, the Executive acknowledges that all rights of copyright, design, trade and service marks which result from or are suggested by anything arising in the course of or in connection with his employment under this Agreement shall belong absolutely to the Company.

14. ENTIRE AGREEMENT

- 14.1 This Agreement embodies all the terms and provisions of and relating to the employment of the Executive by the Company.
- 14.2 The terms of this Agreement may only be varied in writing by the parties hereto or their duly authorised agents.

15. PRIOR AGREEMENTS

This Agreement is in substitution for and shall supersede all former and existing agreements or arrangements made orally or in writing for the employment of the Executive by the Company or its subsidiary(ies) (if any), which shall be deemed to have been cancelled with effect from the Commencement Date and no party shall have any claim in respect of any such superseded agreements or arrangements.

16. SERVICE OF NOTICE

- 16.1 Any notice, claim, demand, court process or other communication under this Agreement (collectively "**communication**") in this Clause 16 shall be in the English language or the Chinese language and may be served or given personally or sent to the address or facsimile numbers (if any) stated after the relevant party's name at the beginning of this Agreement or to such other address (which must be in Hong Kong) or facsimile numbers as may from time to time be notified in writing by one party to the other with specific reference to this Agreement, by the following means and the addressee of such communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	24 hours
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

- 16.2 A communication served in accordance with Clause 16.1 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a satisfactory report of transmission printed out by the sending machine.
- 16.3 Nothing in this Clause 16 shall preclude the service of communication or the proof of such service by any mode permitted by law.

17. ASSIGNMENT

None of the rights or duties of the Company or the Executive under this Agreement may be assigned, transferred, sub-contracted or delegated.

18. PROPER LAW AND FORUM

This Agreement shall in all respects be interpreted and construed in accordance with and governed by Hong Kong law and each of the parties hereto hereby irrevocably submits to the non-exclusive jurisdiction of the Hong Kong courts and waives all defences to any action arising hereunder brought in the courts of Hong Kong on the ground that such action is brought in an inconvenient forum.

*The remainder of this page is intentionally left blank
and the signatures appear in the following page*

IN WITNESS whereof the parties hereto entered into this Agreement the day and year first above written.

THE COMPANY

SIGNED for and on behalf of
PROJEXASIA LIMITED

by [*]
director,
in the presence of:

)
)
)
)
)
)

THE EXECUTIVE

SIGNED by
GRANT STEPHEN JOHN
(HKID no.: P567359(7))
in the presence of:

)
)
)
)

SCHEDULE 6

Undertaking

Dated

DEED OF UNDERTAKING
in respect of
Personal Guarantees
of
Stephen John Grant
in favour of
The Hongkong and Shanghai Banking Corporation Limited

So, Lung and Associates, Solicitors
15/F., China Taiping Tower,
Phase 2, 8 Sunning Road,
Causeway Bay, Hong Kong

Ref. No.: CW-23316/CHK/jl

THIS DEED is made on the of 20

BY

TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司, a company incorporated in the Cayman Islands with limited liability and having its registered office at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands (the “**Obligor**”)

IN FAVOUR OF

STEPHEN JOHN GRANT, a holder of Hong Kong identity card number: P567359(7), of Flat A, 2/F, 3 Macdonnell Road, Mid-levels, Hong Kong (the “**Beneficiary**”)

WHEREAS:

- (A) The Obligor has entered into a conditional sale and purchase agreement dated 19 October 2021 (the “**SPA**”) with **PRECISE CAPITAL GLOBAL LIMITED** (the “**Vendor**”) relating to the acquisition of the entire issued share capital of **TREASURE MARK GLOBAL LIMITED**, which was a wholly-owned subsidiary of the Vendor (the “**Target Company**”).
- (B) As security for the indebtedness, liabilities and/or obligations of Projexasia Limited (“**Projexasia**”), which is a direct wholly-owned subsidiary of the Target Company, under the bank credit facility(ies) granted by The Hongkong and Shanghai Banking Corporation Limited (the “**Bank**”) from time to time, (i) a guarantee dated 6 June 2019 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses; (ii) a guarantee dated 25 March 2021 limited to an amount of HK\$8,500,000, plus default interest and other costs and expenses; and (iii) a guarantee dated 2 August 2021 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, were given by the Beneficiary in favour of the Bank (collectively, the “**Personal Guarantees**”).
- (C) It is a term of the SPA that the Obligor shall execute this Deed upon Completion (as defined in the SPA).

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

1. Undertaking

1.1 The Obligor hereby irrevocably and unconditionally undertakes with the Beneficiary that the Obligor shall, during the period from the Completion Date (as defined in the SPA) to the effective date of full release and discharge of the Personal Guarantees by the Bank, procure that:

(i) Projexasia will not terminate employment contract entered into between Projexasia and the Beneficiary of even date,

(ii) the Beneficiary will not be removed as a director of the board of directors of Projexasia (the "**Board**") or of the board of directors of the joint venture which is owned as to 50% by Projexasia and 50% by Scenario Cockram Limited (the "**Joint Venture**"),

(iii) the Board shall comprise of two (2) directors; and only one of which shall be nominated by the Obligor and the other shall be the Beneficiary,

(iv) the Beneficiary shall be irrevocably appointed as the chairman of every meeting of the Board, provided that the quorum of such meeting shall be two (2) directors and one of which must be a director nominated by the Obligor and provided that if at any such meeting a quorum is not present, the meeting shall stand adjourned at the same place and the same time on the same day in the following week and if at such adjourned meeting a quorum is not present, the director present shall constitute a valid quorum for the business set out in the agenda for the meeting,

(v) the Beneficiary will not be requested to amend the existing mandates for operation of all the bank accounts maintained by Projexasia and/or, to the extent the authorized signatories in such mandates are nominated by Projexasia, the Joint Venture, and

(vi) an escrow agreement entered into between (1) the Obligor, (2) the Beneficiary and (3) So, Lung and Associates, Solicitors (the "**Escrow Agent**") in the form or substantially in the agreed form as set out in the

schedule hereto upon Completion (as defined in the SPA) (the “**Escrow Agreement**”) will be valid and subsisting.

- 1.2 If there is any breach of the Obligor’s undertakings in Clause 1.1, the Obligor shall forthwith deliver security in a form acceptable to the Beneficiary with a value equal to the sum of HK\$16,500,000 plus interest and other costs and expenses as set out in the Personal Guarantees or an amount equivalent to the total amount guaranteed for the time being under the Personal Guarantees, whichever is higher (the “**Escrow Security**”) to the Escrow Agent. In the event that the Beneficiary is called by HSBC to pay any amount of the outstanding bank credit facility granted by the Bank to Projexasia pursuant to the Personal Guarantees (the “**Called Amount**”), the Beneficiary shall instruct the Escrow Agent to use the Escrow Security for the sole purpose of settling the Called Amount in accordance with the terms and conditions of the Escrow Agreement and the Personal Guarantees, and if there is any balance of the Escrow Security after the full release and discharge of the Personal Guarantees by the Bank being effective, the Beneficiary and the Obligor shall jointly instruct the Escrow Agent to release the balance to the Obligor in accordance with the terms and conditions of the Escrow Agreement.
- 1.3 The Obligor hereby further undertakes with the Beneficiary to fully indemnify and hold the Beneficiary harmless on demand from and against any and all reasonable costs, expenses, claims, losses and liabilities which may be incurred or suffered by the Beneficiary on a dollar-for-dollar basis in respect of any obligation or liability of the Beneficiary arising out of the Personal Guarantees for the period commencing from the Completion Date (as defined in the SPA) and ending on the date of full release and discharge of the Beneficiary’s liabilities and obligations under the Personal Guarantees, and such undertaking shall only take effect in the event that Completion (as defined in the SPA) has taken place yet the Bank does not immediately and fully release and discharge Mr. Grant’s liabilities and obligations under the Personal Guarantees.
- 1.4 All sums payable by the Obligor under this Deed shall be paid in immediately available and freely transferable funds and to the bank account designated by the Beneficiary. Such payment shall be free and clear of any deduction or

whatsoever, otherwise the Obligor shall compensate the deducted or withheld amount.

2. Other Undertakings, Representations and Warranties

- 2.1 The Obligor undertakes, represents and warrants that (a) it has the right to execute and perform this Deed; (b) this Deed constitutes legal, valid, binding and enforceable obligations of the Obligor; and (c) the entering into this Deed does not violate any law to which the Obligor is subjected or any documents to which the Obligor is a party.

3. GENERAL

- 3.1. This Deed shall be binding on the parties to it and enure to the benefit of the successor of each party.
- 3.2. If any of the provisions of this Deed are unenforceable or legally invalid, they shall not affect the validity of the remaining provisions hereof which shall continue in full force and effect between the parties hereto.
- 3.3. This Deed and all claims or causes of action (whether in contract, tort or otherwise) that may be based upon, arise out of or relate to this Deed shall be governed by, and construed and enforced in accordance with the laws of Hong Kong, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.
- 3.4. All the parties hereto hereby agree that any legal action or proceedings arising out of or in connection with this Deed may be brought in the courts of Hong Kong and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts. The submission to the jurisdiction of the Hong Kong courts shall not limit the right of any party to take proceedings against another party in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction.
- 3.5. Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed shall have no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong) to enforce any of the

terms of this Deed, and whether so provided in this Deed or not, no consent of third party is required for the amendment to (including the waiver or compromise of any obligation), rescission of or termination of this Deed.

[The remainder of this page is intentionally left blank]

Schedule to the Undertaking

Escrow Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("**Agreement**") is entered into as of _____, 202_, by and among (1) **TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司**, a company incorporated in the Cayman Islands with limited liability (Company number F0023693) and having its registered office at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and head office and principal place of business in Hong Kong at Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong, the issued shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited (stock code: 8305) ("**Party A**"), (2) **STEPHEN JOHN GRANT**, a holder of Hong Kong identity card number: P567359(7), of Flat A, 2/F, 3 Macdonnell Road, Mid-levels, Hong Kong ("**Party B**", and together with Party A, sometimes referred to individually as "**Party**" and collectively as the "**Parties**"), and (3) **SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所**, a Hong Kong Special Administrative Region law partnership, having a place of business at 15/F., China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong (the "**Escrow Agent**").

WHEREAS

- (A) Party A has entered into a conditional sale and purchase agreement dated [*] October 2021 (the "**SPA**") with **PRECISE CAPITAL GLOBAL LIMITED** (the "**Vendor**") relating to the acquisition of the entire issued share capital of **TREASURE MARK GLOBAL LIMITED** (the "**Target Company**"), which was a wholly-owned subsidiary of the Vendor.
- (B) As security for the indebtedness, liabilities and/or obligations of Projexasia Limited ("**Projexasia**"), which is a direct wholly-owned subsidiary of the Target Company, under the bank credit facility(ies) granted by The Hongkong and Shanghai Banking Corporation Limited (the "**Bank**") from time to time, (i) a guarantee dated 6 June 2019 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, (ii) a guarantee dated 25 March 2021 limited to an amount of HK\$8,500,000, plus default interest and other costs and expenses; and (iii) a guarantee dated 2 August 2021 limited to an amount of HK\$4,000,000, plus default interest and other costs and expenses, were given by Party B in favour of the Bank (collectively, the "**Personal Guarantees**").
- (C) It is a term of the SPA that Party A shall execute an undertaking in a form or substantially in the agreed form as set out in Schedule 6 to the SPA (the "**Undertaking**") upon Completion.
- (D) It is a term of the Undertaking that this Agreement is to be entered into by the Parties and the Escrow Agent simultaneously with the signing of the Undertaking.

1. **Appointment.** The Parties hereby jointly appoint the Escrow Agent as their escrow agent, for the purposes set forth herein, and Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. **Escrow Fund.** (a) Party A agrees to deposit with Escrow Agent security in the value as provided in clause 1.2 of the Undertaking and in the form acceptable to Party B, or such other amounts as may be agreed upon with the Parties and the Escrow Agent from time to time ("**Escrow Security**") in the event of any breach of Party A's undertakings in clause 1.1 of the Undertaking. During the term of this Agreement, the Escrow Security shall be held in a client's account of the Escrow Agent (the "**Escrow Account**").

(b) The Escrow Agent shall hold the Escrow Security (to the extent such is in the cash) and any other amounts credited to the Escrow Account in respect of the Escrow Security but subject to any deductions under this Agreement (the "**Escrow Fund**") on the terms and subject to the conditions of this Agreement.

(c) The Escrow Agent shall hold the Escrow Fund in an interest bearing account with maturity dates which allow for the timely release of moneys pursuant to the terms hereof.

3. **Disposition and Termination.**

3.1 The Escrow Agent is directed to, during the period from the date of breach of Party A's undertakings in clause 1.1 of the Undertaking to the date of full release and discharge of the Personal Guarantees, use the Escrow Fund for the sole purpose of settling any amount of the outstanding bank credit facility(ies) granted by the Bank to Projexasia for which Party B is called by the Bank to pay pursuant to the Personal Guarantees (after deducting the relevant bank charges (if any)), within seven (7) Business Days from the date of Escrow Agent's receipt of a written instruction from Party B in the form or substantially in the agreed form as set out in **Schedule 3-A ("Party B Release Notice")**, and, after the full and effective release and discharge of Party B's liabilities and obligations under the Personal Guarantees by the Bank, to release the remaining balance of the Escrow Fund (if any) to Party A, within seven (7) Business Days from the date of Escrow Agent's receipt of a written instructions jointly from the Parties in the form or substantially in the agreed form as set out in **Schedule 3-B ("Joint Release Notice")**.

3.2(a) Notwithstanding anything to the contrary set forth in Section 8 below, any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of the Escrow Fund, shall be irrevocable, must be in writing, executed by the appropriate Party as evidenced by the signature of the designated person as set forth on the Designation of Authorized Representatives attached hereto as **Schedule 1** (each an "**Authorized Representative**"), and must be delivered to the Escrow Agent only by confirmed facsimile or as a Portable Document Format ("**PDF**") attached to an email on a Business Day only at the fax number or email address set forth in Section 8 below. Each Designation of Authorized Representatives shall be signed by the named Party or the duly authorized officer of the named Party. No instruction for or related to the transfer or distribution of the Escrow Fund shall be deemed delivered and effective unless the Escrow Agent actually shall have received it on a Business Day by facsimile or as a PDF attached to an email only at the fax number or email address set forth in Section 8 and, in respect of fax, as evidenced by a confirmed transmittal to the Party's or Parties' transmitting fax number and the Escrow Agent has been able to satisfy any applicable security procedures as may be required hereunder. The Escrow Agent shall not be liable to any Party or other person for refraining from acting upon any instruction for or related to the transfer or distribution of the Escrow Fund if delivered to any other fax number or email address, including but not limited to a valid email address of any employee of the Escrow Agent. The Parties each acknowledge that the Escrow Agent is authorized to use the following funds transfer instructions to disburse the Escrow Fund in whole or in part due to Party A and/or Party B, respectively, in accordance with the procedures set out in Section 3.1 above without seeking any further confirmation from the Parties.

Party A: (Note: insert complete bank wiring details)	
Bank name:	<input type="text"/>
Account number:	<input type="text"/>
Beneficiary name:	TONG KEE (HOLDING) LIMITED 榮記（控股）有限公司

Party B: (Note: insert complete bank wiring details)	
Bank name:	<input type="text"/>
Account number:	<input type="text"/>
Beneficiary name:	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED for the account of STEPHEN JOHN GRANT

(b) *[Intentionally left blank.]*

(c) The Parties acknowledge that there are certain security, corruption, transmission error and access availability risks associated with using open networks such as the internet and the Parties hereby expressly assume such risks.

(d) As used in this Section 3, "**Business Day**" shall mean any day other than a Saturday, Sunday, public holiday or any other day on which the Escrow Agent located at the notice address set forth below in Section 8 is authorized or required by law or executive order to remain closed. The Parties acknowledge that the security procedures set forth in this Section 3 are commercially reasonable. Upon delivery of the Escrow Fund in full by the Escrow Agent, this

Agreement shall terminate and the related escrow arrangement shall be stopped, subject to the provisions of Section 6.

4. **Escrow Agent.** The Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duty, shall be implied. The Escrow Agent has no knowledge of, nor any obligation to comply with, the terms and conditions of any other agreement between the Parties, nor shall Escrow Agent be required to determine if any Party has complied with any other agreement. Notwithstanding the terms of any other agreement between the Parties, the terms and conditions of this Agreement shall control the actions of the Escrow Agent. The Escrow Agent may conclusively rely upon any written notice, document, instruction or request delivered by the Parties believed by it to be genuine and to have been signed by an Authorized Representative(s), as applicable, without inquiry and without requiring substantiating evidence of any kind and the Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. Any notice, document, instruction or request delivered by a Party but not required under this Agreement may be disregarded and returned to the sending Party. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that the Escrow Agent's gross negligence or willful misconduct was the cause of any direct loss to either Party. The Escrow Agent may execute any of their powers and perform any of their duties hereunder directly or through associates or agents. In the event the Escrow Agent shall be uncertain, or believe there is some ambiguity, as to their duties or rights hereunder, or receive instructions, claims or demands from any Party hereto which in the Escrow Agent's judgment conflict with the provisions of this Agreement, or if the Escrow Agent receives conflicting instructions from the Parties, the Escrow Agent shall be entitled either to: (a) refrain from taking any action until then shall be given (i) a joint written direction executed by Authorized Representatives of the Parties which eliminates such conflict or (ii) a court order issued by a court of competent jurisdiction (it being understood that the Escrow Agent shall be entitled conclusively to rely and act upon any such court order and shall have no obligation to determine whether any such court order is final); or (b) file an action in interpleader. The Escrow Agent shall have no duty to solicit any payments which may be due to it or the Escrow Fund, nor shall the Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with them hereunder. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, incidental, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. Under no circumstances shall the Escrow Agent be obliged to make any payment from the Escrow Fund, where such payment would result in a negative balance in the Escrow Fund.

5. **Resignation; Succession.** The Escrow Agent may resign and be discharged from their duties and obligations hereunder by giving not less than thirty (30) days advance notice in writing of such resignation to the Parties, and the Escrow Agent may be removed, with or without cause, by the Parties at any time by giving not less than thirty (30) days advance joint written notice to the Escrow Agent. The Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Escrow Fund and to deliver the same to a designated successor escrow agent, if any, appointed by the Parties, or such other person designated by the Parties, or in accordance with the directions of a final court order, at which time of delivery, the Escrow Agent's obligations hereunder shall cease and terminate. If prior to the effective resignation date, the Parties have failed to appoint a successor escrow agent, or to instruct the Escrow Agent to deliver the Escrow Fund to another person as provided above, or if such delivery is contrary to applicable law, at any time on or after the effective resignation date, the Escrow Agent either (a) may interplead the Escrow Fund with a court located in Hong Kong and the costs, expenses and reasonable attorney's fees which are incurred in connection with such proceeding may be charged against and withdrawn from the Escrow Fund; or (b) appoint a successor escrow agent of their own choice. Any appointment of a successor escrow agent shall be binding upon the Parties and no appointed successor escrow agent shall be deemed to be an agent of the Escrow Agent. The Escrow Agent shall deliver the Escrow Fund to any appointed successor escrow agent, at which time the Escrow Agent's obligations under this Agreement shall cease and terminate. Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all of the escrow business may be transferred, shall be the Escrow Agent under this Agreement without further act.

6. **Compensation; Acknowledgment.** (a) Party A agrees to pay the Escrow Agent upon execution of this Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, which unless otherwise agreed in writing, shall be as described in **Schedule 2**.

(b) Each of the Parties further agrees to the disclosures and agreements set forth in **Schedule 2**.

(c) All compensation, reimbursement and other amounts payable by any Party under this Agreement shall be paid without setoff and without deduction for any withholding, value-added or other similar taxes, charges, fees or assessments.

7. **Indemnification and Reimbursement.** The Parties agree jointly and severally to indemnify, defend, hold harmless, pay or reimburse the Escrow Agent and its associates and their respective successors, assigns, directors, agents and employees (the “**Indemnitees**”) from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, costs or expenses (including, without limitation, the fees and expenses of outside counsel and experts and their staffs and all expense of document location, duplication and shipment) (collectively “**Losses**”), arising out of or in connection with (a) the Escrow Agent’s performance of this Agreement, except to the extent that such Losses are determined by a court of competent jurisdiction to have been caused by the gross negligence, willful misconduct, or bad faith of such Indemnatee; and (b) the Escrow Agent’s following, accepting or acting upon any instructions or directions, whether joint or singular, from the Parties received in accordance with this Agreement. The Parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in the Escrow Fund for the payment of any claim for indemnification, fees, expenses and amounts due to the Escrow Agent or an Indemnatee. In furtherance of the foregoing, the Escrow Agent is expressly authorized and directed, but shall not be obligated, to charge against and withdraw from the Escrow Fund for their own account or for the account of an Indemnatee any amounts due to the Escrow Agent or to an Indemnatee under Section 6 or 7. The obligations set forth in this Section 7 shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

8. **Notices.** Except as otherwise set forth in and required by Section 3.2(a) above, all communications hereunder shall be in writing or set forth in a PDF attached to an email and shall be executed and delivered strictly in accordance with all applicable terms of this Agreement by facsimile, email or overnight courier only to the appropriate fax number, email address, or notice address set forth for each party as follows:

If to Party A:

Company Name **TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司**
Address Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong
Attention: The board of directors
Tel No.: (852) []
Fax No.: (852) []
Email Address: []

If to Party B:

Name **STEPHEN JOHN GRANT**
Address Flat A, 2/F, 3 Macdonnell Road, Mid-levels, Hong Kong
Tel No.: (852)2866 3007
Fax No.: (852)2866 3211
Email Address: sjgrant@projexasia.com

If to Escrow Agent:

Company Name **SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所**
Address 15/F., China Taiping Tower, 8 Sunning Road,
Causeway Bay, Hong Kong
Attention: Mr. Walter K. L. Chan / Ms. Amy H.K. Chow
Tel No.: (852)3896 2600
Fax No.: (852)3107 1100
Email Address: wklchan@solung.com / amy@solung.com

9. **Compliance with Court Orders.** In the event that a legal garnishment, attachment, levy, restraining notice or court order is served with respect to any of the Escrow Fund, or the delivery thereof shall be stayed or enjoined by

an order of a court, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all such orders so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such order it shall not be liable to any of the Parties hereto or to any other person by reason of such compliance notwithstanding such order be subsequently reversed, modified, annulled, set aside or vacated.

10. **Miscellaneous.** (a) The provisions of this Agreement may be waived, altered, amended or supplemented only in writing signed by the Escrow Agent and the Parties. Neither this Agreement nor any right or interest hereunder may be assigned by any Party without the prior written consent of the Escrow Agent and the Parties. No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control. This Agreement and any joint instructions from the Parties may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument or instruction, as applicable. All signatures of the parties to this Agreement may be transmitted by facsimile or as a PDF attached to an email and such facsimile or PDF will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Each of the Parties represents, warrants and covenants that (a) each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations, (b) such Party has full power and authority to execute and deliver this Agreement and to perform all of the duties and obligations to be performed by it hereunder, and (c) the person executing this Agreement on such Party's behalf and certifying Authorized Representatives in the applicable **Schedule 1** have been duly and properly authorized to do so, and each Authorized Representative of such Party has been duly and properly authorized to take the actions specified for such person in the applicable **Schedule 1**. Except as expressly provided in Section 7 above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of the Escrow Fund or this Agreement.

(b) **Governing Law** This Agreement shall be governed by and construed under the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). Each Party and the Escrow Agent irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the exclusive jurisdiction of the courts located in Hong Kong. Other than the Escrow Agent and their associates, and their respective successors, assigns, partners, agents and employees, and the Parties, no person shall have any right under the Contracts (Rights of Third Parties) Ordinance, (Cap 623) of Hong Kong to enforce or enjoy the benefit of any term of this Agreement. Section 10(b) shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

(c) To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, such Party shall not claim, and hereby irrevocably waives, such immunity. The Escrow Agent and the Parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising or relating to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

As PARTY A

SIGNED by)
)
for and on behalf of)
)
TONG KEE (HOLDING) LIMITED)
崇記（控股）有限公司)

As PARTY B

SIGNED by)
)
STEPHEN JOHN GRANT)

As ESCROW AGENT

SIGNED by)
)
for and on behalf of)
)
SO, LUNG & ASSOCIATES, SOLICITORS)
蘇龍律師事務所)

Schedule 1

TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司

[Copies of the Escrow Board Resolution dated [] and the Escrow Incumbency Certificate dated [] received from Party A annexed]

Schedule 1

STEPHEN JOHN GRANT

[Copy of the Escrow Incumbency Certificate dated [] received from Party B annexed]

NOTE: All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile or set forth in a PDF attached to an email, must include the signature of the Authorized Representative authorizing said instructions on behalf of such Party.

Schedule 2

Schedule of Fees and Disclosures for Escrow Agent Services

Based upon our current understanding of your proposed transaction, our fee proposal is as follows:

Set Up Fee : HKD10,000.00 one time

Encompassing review, negotiation and execution of governing documentation, and completion of all due diligence documentation. 50% payable upon signing of this Agreement and if applicable, the other 50% payable upon deposit of the Escrow Security with the Escrow Agent pursuant to Section 2 of this Agreement.

Annual Administration Fee: HKD5,000.00 per annum (or any part thereof)

The Administration Fee covers our usual and customary ministerial duties, including record keeping, distributions, document compliance and such other duties and responsibilities expressly set forth in the governing documents for each transaction. Payable upon deposit of the Escrow Security with the Escrow Agent pursuant to Section 2 of this Agreement (if applicable) and annually in advance thereafter, without pro-rata for partial years. All fees paid are not refundable.

Out-of Pocket Expenses

All reasonable out-of-pocket expenses including relevant bank charges, travelling expenses, photocopying fees and courier charges will be billed at the Escrow Agent's then standard rate. Additional charges may be incurred by disbursements. The Escrow Agent may impose, charge, pass-through and modify fees and/or charges for any escrow arrangement established and services provided by the Escrow Agent, including but not limited to, maintenance, and service fees, agency fees, and other charges, including those levied by any governmental authority.

Fee Disclosure & Assumptions: Please note that the fees quoted are based on a review of the transaction documents provided and an internal due diligence review. The Escrow Agent reserves the right to revise, modify, change and supplement the fees quoted herein if the assumptions underlying the activity in the account, level of balances, market volatility or conditions or other factors change from those used to set our fees. Payment of the invoice is due upon receipt.

Disclosure and Agreements

Important Information about Procedures for Setting Up Escrow Arrangement. To assist in the fight against the funding of terrorism and money laundering activities and to comply with the requirements of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance for legal professionals to obtain, verify, and record information that identifies each client. What this means for each Party: When an escrow arrangement is set up, the Escrow Agent may ask for each Party's name, address, date of birth (for individuals), and/or other information and documents that will allow the Escrow Agent to identify each Party. Each Party agrees that the Escrow Agent also may request and obtain certain information from third parties regarding each Party. For purposes of this provision, each Party, to the extent required by law or regulation, shall include any Authorized Representative.

Disclosure of Information. The Parties irrevocably authorize the Escrow Agent to disclose information with respect to this Agreement and the escrow arrangement established hereunder, the Parties, or any transaction hereunder if such disclosure is: (i) necessary or desirable, in the Escrow Agent's opinion, for the purpose of allowing the Escrow Agent to perform its duties and to exercise its powers and rights hereunder; (ii) to a proposed assignee of the rights of the Escrow Agent; (iii) to an employee of the Escrow Agent or to their auditors or regulators or advisers or to any competent court; (iv) to the auditors of any of the Parties; or (v) permitted or required by applicable law, regardless of whether the disclosure is made in the country in which each Party resides, in which the escrow arrangement is maintained, or in which the transaction is conducted. The Parties agree that such disclosures by the Escrow Agent may be transmitted across national boundaries and through networks, including those owned by third parties.

Without limiting any other right the Escrow Agent may have, the Parties agree that the Escrow Agent may collect, process, use, disclose, and store information (including personal data) relating to the Parties in and outside Hong Kong. Insofar as information provided by the Parties includes the personal data of the Parties or individuals connected to the Parties, each of the Parties represents and warrants that it has been sufficiently informed for the purpose of enabling the Escrow Agent to disclose such personal data in the circumstances as the Escrow Agent deems fit and will provide the Escrow Agent with such consent as and when requested by the Escrow Agent.

Tax Matters.

(a) The Escrow Agent is authorized to deduct or withhold any sum on account of any Tax required or which in its view is required to be so deducted or withheld or for which it is in its view liable or accountable by law or practice of any relevant revenue authority of any jurisdiction and, in each case, in accordance with the Escrow Agent's usual and customary business practice. In this Agreement, "Tax" means all present and future taxes, levies, imposts or duties (including value added taxes and stamp duties) whatsoever and wheresoever imposed. The Escrow Agent is not responsible for the preparation or filing of any income, franchise or any other tax returns with respect to income earned or other transactions effected by the Escrow Fund or in relation to the escrow documents. The Escrow Agent shall have no responsibility for making reclaims of Tax on behalf of any of the Parties. The Parties will provide the Escrow Agent such documentation, declarations, certifications and information as the Escrow Agent may require in connection with taxation, and warrants that such information is true and correct in every respect and shall notify the Escrow Agent immediately if any information requires updating or correction.

(b) If: (i) the Escrow Agent is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding on account of any Tax in respect of any payment made to a party (as applicable);

(ii) the Escrow Agent does not so deduct or withhold; and

(iii) a liability resulting from such Tax is assessed directly against the Escrow Agent, then, except to the extent the Parties have satisfied or then satisfy the liability resulting from such Tax, Party A or Party B (as applicable) will promptly pay to the Escrow Agent the amount of such liability (including any related liability for interest and penalties).

Schedule 3-A

FORM OF PARTY B RELEASE NOTICE

[Date]

SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所

15/F., China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong

Attention: Mr. Walter K. L. Chan / Ms. Amy H.K. Chow

Fax No.: (852)3107-1100

Email Address: wklchan@solung.com / amy@solung.com

Re: Party B Release Notice

Dear Sir/Madam,

We refer to the escrow agreement between TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司, STEPHEN JOHN GRANT and SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所 dated [] (the “**Escrow Agreement**”). Capitalised terms used but not defined in this letter shall have the meaning as used in the Escrow Agreement.

I have received a letter from The Hongkong and Shanghai Banking Corporation Limited (the “**Bank**”) dated [] calling for me to pay to the Bank an amount of HK\$[] being the outstanding bank credit facility granted by the Bank to Projexasia pursuant to the Personal Guarantees. A copy of the said letter is attached hereto.

In accordance with section 3.1 of the Escrow Agreement, I hereby request you to release an amount from the Escrow Fund to settle the above call with details as follows:

Amount: [currency and amount]

Beneficiary Name: THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
for the account of STEPHEN JOHN GRANT

Beneficiary Bank details: [Bank name, branch, a/c number, SWIFT details and other wiring details to be filled in according to the letter from the Bank which seeks or demands for the settlement of any amount of outstanding bank credit facility(ies) granted by the Bank to Projexasia pursuant to the terms of the Personal Guarantees]

[##For withdrawal of the entire amount from the Escrow Fund## Please stop the escrow arrangement under the Escrow Agreement after such release of funds and pay the residual balance / interest (if any) to the same bank account set as above]

STEPHEN JOHN GRANT

Schedule 3-B

FORM OF JOINT RELEASE NOTICE

[Date]

SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所
15/F., China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong
Attention: Mr. Walter K. L. Chan / Ms. Amy H.K. Chow
Fax No.: (852)3107-1100
Email Address: wklchan@solung.com / amy@solung.com

Re: Joint Release Notice

Dear Sir/Madam: ,

We refer to the escrow agreement between TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司, STEPHEN JOHN GRANT and SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所 dated [] (the “**Escrow Agreement**”). Capitalised terms used but not defined in this letter shall have the meaning as used in the Escrow Agreement.

The Hongkong and Shanghai Banking Corporation Limited (the “**Bank**”) has fully and effectively released and discharged the Personal Guarantees.

In accordance with section 3.1 of the Escrow Agreement, we hereby jointly request you to release the remaining amount of the Escrow Fund to the following account:

Amount: [currency and amount]
Beneficiary Name: TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司
Beneficiary Bank details: [Bank name, branch, a/c number, and other wiring details]

Please stop the escrow arrangement under the Escrow Agreement after such release of fund and pay the residual balance / interest (if any) to the same bank account set as above.

For and on behalf of
TONG KEE (HOLDING) LIMITED
棠記（控股）有限公司

Name:
Title:

Name: **STEPHEN JOHN GRANT**

TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司

ESCROW INCUMBENCY CERTIFICATE

**DESIGNATION OF AUTHORIZED REPRESENTATIVES TO EXECUTE ESCROW AGREEMENT, ISSUE
INSTRUCTIONS AND CONFIRM FUNDS TRANSFER INSTRUCTIONS**

The undersigned, [], being the duly elected, qualified and acting director of TONG KEE (HOLDING) LIMITED 棠記（控股）有限公司 (the “**Company**”), do hereby certify:

That (i) each of the following persons is an Authorized Representative, as such term is defined in the proposed Escrow Agreement to be executed by the Company, Stephen John Grant and SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所 (“**SO, LUNG**”) (“**Escrow Agreement**”); (ii) that the signature appearing opposite each person’s name is the true and genuine signature of such person; and (iii) that each person’s contact information is current and up-to-date at the date hereof. Each of the relevant Authorized Representatives is authorized to finalize, sign and deliver the Escrow Agreement and to issue instructions in relation to the Escrow Fund, as such term is defined in the Escrow Agreement and confirm funds transfer instructions in accordance with the terms of the Escrow Agreement.

SR NO	NAME and TITLE	TELEPHONE NUMBER	ADDRESS	SIGNATURE
1	[] Director	(852) []	Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong	
2	[] Director	(852) []	Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong	

That pursuant to the governing documents of the Company, the undersigned has the power and authority to execute this certificate on behalf of the Company, and that the undersigned has so executed this certificate this [Date].

Signature: _____
Name: []
Title: Director

FOR YOUR SECURITY, PLEASE CROSS OUT ALL UNUSED SIGNATURE LINES

STEPHEN JOHN GRANT

ESCROW INCUMBENCY CERTIFICATE

**DESIGNATION OF AUTHORIZED REPRESENTATIVE TO EXECUTE ESCROW AGREEMENT, ISSUE
INSTRUCTIONS AND CONFIRM FUNDS TRANSFER INSTRUCTIONS**

The undersigned, **STEPHEN JOHN GRANT**, does hereby certify:

That (i) the following person is an Authorized Representative, as such term is defined in the proposed Escrow Agreement to be executed by Tong Kee (Holding) Limited, Stephen John Grant and SO, LUNG & ASSOCIATES, SOLICITORS 蘇龍律師事務所 (“**SO, LUNG**”) (the “**Escrow Agreement**”); (ii) that the signature appearing opposite the following person’s name is the true and genuine signature of such person; and (iii) that the following person’s contact information is current and up-to-date at the date hereof. The Authorized Representative is authorized to finalize, sign and deliver the Escrow Agreement and to issue instructions in relation to the Escrow Fund, as such term is defined in the Escrow Agreement and confirm funds transfer instructions in accordance with the terms of the Escrow Agreement.

SR NO	NAME	TELEPHONE NUMBER	ADDRESS	SIGNATURE
1	Mr. Stephen John Grant	(852)2866 3007	Flat A, 2/F, 3 Macdonnell Road, Mid-levels, Hong Kong	

That the undersigned has the capacity to execute this certificate, and that the undersigned has so executed this certificate this [Date].

Signature: _____
Name: STEPHEN JOHN GRANT

FOR YOUR SECURITY, PLEASE CROSS OUT ALL UNUSED SIGNATURE LINES

IN WITNESS whereof the parties have executed this Deed the date and year first above written.

THE OBLIGOR

EXECUTED AS A DEED by)
Affixing the **COMMON SEAL** of)
)
TONG KEE (HOLDING) LIMITED)
棠記（控股）有限公司)

and **SIGNED** by
for and on its behalf

in the presence of:

Signature of witness: _____
Name of witness: _____
Title of witness: _____

THE BENEFICIARY

SIGNED, SEALED AND DELIVERED by)
)
STEPHEN JOHN GRANT)
)
in the presence of:)

Signature of witness: _____
Name of witness: _____
Title of witness: _____

SCHEDULE 7

Purchaser's Confirmation

To: **PRECISE CAPITAL GLOBAL LIMITED**

Attention: The board of directors

Date: _____

Dear Sirs,

We refer to the sale and purchase agreement dated 19 October 2021 and entered into between PRECISE CAPITAL GLOBAL LIMITED and TONG KEE (HOLDING) LIMITED in relation to the sale and purchase of the entire issued share capital of TREASURE MARK GLOBAL LIMITED (the “SPA”). Unless otherwise defined, capitalised terms not defined herein shall have the meanings ascribed to them in the SPA.

Without prejudice to the rights and remedies available to the Purchaser in respect of any breach of the applicable Warranties, we confirm that we have received the documents provided by the Vendor or the Company or Projexasia or the Joint Venture as set out in the schedule annexed hereto, which have been mutually agreed and signed by the Purchaser and the Vendor at Completion. We further confirm that we are satisfied with the results of the due diligence review on the Group and the Joint Venture as referred to in condition (a) set out in Clause 3.2 (*Conditions*) of the SPA.

Yours faithfully,
For and on behalf of

TONG KEE (HOLDING) LIMITED

棠記（控股）有限公司

Name:
Title: Director

Schedule to the Purchaser's Confirmation

List of Documents

[List of documents to be finalised, agreed and signed by the Purchaser and the Vendor at Completion]

Agreed by:
For and behalf of
TONG KEE (HOLDING) LIMITED
棠記（控股）有限公司

Agreed by:
For and on behalf of
PRECISE CAPITAL GLOBAL LIMITED

Name:
Title: Director

Name:
Title: Director

IN WITNESS whereof this Agreement has been duly executed by all Parties on the day and year first above written.

THE PURCHASER

SIGNED by HEUNG CHUNG SUM)

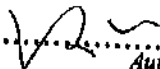
for and on behalf of)

TONG KEE (HOLDING) LIMITED)

棠記(控股)有限公司)

in the presence of:)

For and on behalf of
Tong Kee (Holding) Limited
棠記(控股)有限公司

..........
Authorized Signature(s)

Witness signature:

Name of witness: 
CHAU YUN CHEUNG

THE VENDOR

SIGNED by Stephen John Grant,
director
for and on behalf of

**PRECISE CAPITAL GLOBAL
LIMITED**

in the presence of:

For and on behalf of
PRECISE CAPITAL GLOBAL LIMITED

.....
Authorised Signature(s)

Witness signature:

Name of witness:



Au Chun Fai Jeffrey

EXHIBIT A
AUDITED ACCOUNTS

PROJEXASIA LIMITED

2018

**DIRECTOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018**
二零一八年度至十二月三十一日之董事報告及財務報表



W. H. WONG & CO. (CPA)

黃永漢會計師事務所

PROJEXASIA LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and audited financial statements of the Company and of the Group for the year ended 31st December, 2018.

PRINCIPAL PLACE OF BUSINESS

Projexasia Limited is a company incorporated and domiciled in Hong Kong with limited liability and has its registered office and principal place of business at 2/F., Chung Nam Building, 1 Lockhart Road, Hong Kong.

COMPANY'S ACTIVITY

The principal activities of the Company during the year were provision of construction management services and acting as a management contractor.

BUSINESS REVIEW

The Company's performance has improved this year and it is prudently optimistic for the Company's future. It is not aware of any major risks and uncertainties facing the Company and there is no significant event affecting the Company that have occurred since the end of the financial year.

FINANCIAL STATEMENTS

The statement of profit or loss and other comprehensive income of the Group for the year ended 31st December, 2018, and the Company's and the Group's financial position at the end thereof are set out in the financial statements on pages 7 to 24.

FIXED ASSETS

Particulars of movement of fixed assets during the year are shown in Note 8 to the financial statements.

DIRECTORS

The directors in office during the year and up to the date of this report were :-

Mr. Stephen John Grant

Mr. Wong Hong Wai Albert (Resigned on 16th August, 2018)

Mr. Tang Clifton (Resigned on 1st February, 2019)

There being no provision for the retirement of directors in the Company's Articles of Association, all directors shall continue in office for the ensuing year.

PROJEXASIA LIMITED
REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The Company's Auditors, W. H. Wong and Company, Certified Public Accountants, now retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Chairman

Hong Kong, 30th April, 2019.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Projexasia Limited (the "Company") and a joint venture (hereafter referred to as the "Group") set out on pages 7 to 24, which comprise the consolidated and the Company statement of financial position as at 31st December, 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2018 and of its financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED

(Incorporated in Hong Kong with limited liability)

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE
FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED

(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITY (CONT'D)

As part of an audit in accordance with HKSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
4. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED

(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITY (CONT'D)

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



W. H. Wong and Company
Certified Public Accountants

Unit 6, 16/F.,
Enterprise Square Three,
39 Wang Chiu Road,
Kowloon Bay,
Hong Kong

Hong Kong, 2nd May, 2019.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

	Notes	2018	2017
TURNOVER	3g&6	\$ 290,065,291	\$ 246,298,458
COST OF SALES		(266,923,405)	(223,297,960)
		-----	-----
GROSS PROFIT		\$ 23,141,886	\$ 23,000,498
OTHER INCOME		414,617	45,396
OPERATING EXPENSES		(14,265,819)	(16,447,887)
		-----	-----
PROFIT FROM OPERATION BEFORE FINANCE COST	9	\$ 9,290,684	\$ 6,598,007
FINANCE COST	11	(1,716,012)	(1,502,079)
		-----	-----
PROFIT FROM OPERATION BEFORE TAXATION		\$ 7,574,672	\$ 5,095,928
TAXATION	3b&15a	(854,703)	(826,892)
		-----	-----
NET PROFIT FOR THE YEAR		\$ 6,719,969	\$ 4,269,036
OTHER COMPREHENSIVE INCOME		-	-
		-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 6,719,969	\$ 4,269,036
		=====	=====

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	ACCUMULATED PROFIT	TOTAL
SHAREHOLDERS' EQUITY AT 1ST JANUARY 2017	\$ 4,200,000	\$ 11,592,879	\$ 15,792,879
NET PROFIT FOR 2017	-	4,269,036	4,269,036
	-----	-----	-----
SHAREHOLDERS' EQUITY AT 31ST DECEMBER 2017	\$ 4,200,000	\$ 15,861,915	\$ 20,061,915
NET PROFIT FOR 2018	-	6,719,969	6,719,969
	-----	-----	-----
SHAREHOLDERS' EQUITY AT 31ST DECEMBER 2018	\$ 4,200,000	\$ 22,581,884	\$ 26,781,884
	=====	=====	=====

The notes on pages 10 to 24 form part of these financial statements.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS AND LIABILITIES :-</u>			
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	3d&8	\$ 340,719	\$ 128,946
Investment	3j	6,426,028	6,076,822
		-----	-----
		\$ 6,766,747	\$ 6,205,768
		-----	-----
<u>CURRENT ASSETS</u>			
Contract assets	3g&13a	\$ 37,798,904	\$ 19,473,386
Accounts receivable		34,949,370	19,578,349
Retention monies receivable		22,338,667	14,789,000
Amounts due from related companies	3i&12	86,560	70,705
Deposits, prepayment and other receivables		1,201,232	5,509,682
Cash at banks and in hand	3h&21b	63,690,050	17,566,892
		-----	-----
		\$160,064,783	\$ 76,988,014
		-----	-----
<u>LESS: CURRENT LIABILITIES</u>			
Bank overdraft	3h&21b	\$ -	\$ 2,953,328
Contract liabilities	3g&13b	966,060	459,268
Retention monies payable		962,500	7,299,500
Accounts payable		117,855,567	32,263,549
Bank loans	18	19,800,210	19,045,233
Other payable and accruals		250,083	276,604
Tax payable	3b&15b	186,836	829,837
		-----	-----
		\$140,021,256	\$ 63,127,319
		-----	-----
<u>NET CURRENT ASSETS</u>		\$ 20,043,527	\$ 13,860,695
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		\$ 26,810,274	\$ 20,066,463
<u>LESS: NON-CURRENT LIABILITY</u>			
Deferred tax	3b&15c	28,390	4,548
		-----	-----
		\$ 26,781,884	\$ 20,061,915
		=====	=====
<u>CAPITAL AND RESERVE :-</u>			
SHARE CAPITAL	7	\$ 4,200,000	\$ 4,200,000
ACCUMULATED PROFIT		22,581,884	15,861,915
		-----	-----
		\$ 26,781,884	\$ 20,061,915
		=====	=====

 Director

The notes on pages 10 to 24 form part of these financial statements.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21a	\$ 50,343,308	\$ (1,788,646)
INVESTING ACTIVITIES		- - - - -	- - - - -
Payment to acquire fixed assets		\$ (346,700)	\$ (39,810)
Increase in investment		(349,206)	(3,790,150)
Interest received		390,119	45,293
		-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		\$ (305,787)	\$ (3,784,667)
FINANCING ACTIVITIES		- - - - -	- - - - -
Proceeds from bank loan		\$ 7,600,000	\$ 4,200,000
Capital element of bank loans repayment		(6,845,023)	(4,197,645)
Interest element of bank loans repayment		(1,716,012)	(1,502,079)
		-----	-----
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		\$ (961,035)	\$ (1,499,724)
		-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		\$ 49,076,486	\$ (7,073,037)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		14,613,564	21,686,601
		-----	-----
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	21b	\$ 63,690,050 =====	\$ 14,613,564 =====

The notes on pages 10 to 24 form part of these financial statements.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the applicable disclosure provisions of the Hong Kong Financial Reporting Standards ("HKFRS"), HKFRS Interpretations including compliance with Hong Kong Accounting Standards ("HKAS") and HKAS Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. APPLICATION OF NEW AND ADMENDMENTS TO HKFRS

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRS issued by the HKICPA which are mandatory for the annual period beginning on or after 1 January 2018 for the preparation of the Group's financial statements:
HKFRS 15 Revenue from Contracts with Customers.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are as follows :

a) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and a joint venture.

A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When recognising an interest in a jointly controlled entity, it is essential that a venturer reflects the substance and economic reality of the arrangement, rather than the joint venture's particular structure or form. In a jointly controlled entity, a venturer has control over its share of future economic benefits through its share of the assets and liabilities of the venture. This substance and economic reality are reflected in the consolidated financial statements of the venturer when income and expenses of the venturer recognises its interests in the assets, liabilities, the jointly controlled entity by using proportionate consolidation.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) TAXATION

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

c) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated for all fixed assets using the straight-line method to write down their costs to their residual values over their estimated useful lives per annum as follows:

Computer	33.33%
Other assets	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

e) RETIREMENT BENEFIT COST

Payment to the Mandatory Provident Fund Scheme is charged as an expense in statement of profit or loss and other comprehensive income as they fall due.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f) LEASE

Assets operated under the terms of finance leases where substantially all the risks and rewards of ownership of the assets remain with the Company are recorded as fixed assets and the corresponding liabilities are recorded as obligations under finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Contingent rentals are charged to the statement of profit or loss and other comprehensive income in the accounting year in which they are incurred.

g) REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application, 1 January 2018. Under HKFRS 15, the Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met :

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdraft. Bank overdraft is shown under current liabilities on the statement of financial position.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i) RELATED PARTIES

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

j) INVESTMENT

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j) INVESTMENT (CONT'D)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent years when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the year. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the year. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

k) JOINT VENTURE

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognizes its interest in the joint operation by combining the assets, liabilities, revenues and expenses relating to its interest with similar items on a line by line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

4. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements.

5. FINANCIAL RISK MANAGEMENT

a) Financial instruments risk

Financial instruments consist of accounts receivables, accounts payable, bank loans, cash and bank balances. Being a management contractor, the Group carries as little risk from financial instruments as practicable.

b) Credit risk

Accounts receivable is short term in nature and the associated risk is low.

c) Foreign exchange risk

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars.

d) Cash flow interest rate risk

Except for the Group's bank borrowing, the Group has no significant interest-bearing assets and liabilities. Cash at bank earns interest at floating rates based on daily bank deposits rates.

6. TURNOVER

Turnover represents contract revenue recognised by reference to the stage of completion of the contract works at the end of the reporting period.

7. SHARE CAPITAL

	<u>2018</u>	<u>2017</u>
Ordinary shares with no par value :		
4,200,000 ordinary shares	\$ 4,200,000	\$ 4,200,000
	=====	=====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture & equipment</u>	<u>Computer</u>	<u>Total</u>
COST :-				
At 1.1.2018	\$ 599,668	\$ 734,570	\$1,194,335	\$ 2,528,573
Additions	-	300,000	46,700	346,700
	-----	-----	-----	-----
At 31.12.2018	\$ 599,668	\$1,034,570	\$1,241,035	\$ 2,875,273
	=====	=====	=====	=====
LESS ACCUMULATED DEPRECIATION :-				
At 1.1.2018	\$ 599,668	\$ 628,583	\$1,171,376	\$ 2,399,627
Charge for the year	-	101,337	33,590	134,927
	-----	-----	-----	-----
At 31.12.2018	\$ 599,668	\$ 729,920	\$1,204,966	\$ 2,534,554
	=====	=====	=====	=====
NET BOOK VALUE :-				
At 31.12.2018	\$ -	\$ 304,650	\$ 36,069	\$ 340,719
	=====	=====	=====	=====
At 31.12.2017	\$ -	\$ 105,987	\$ 22,959	\$ 128,946
	=====	=====	=====	=====

9. PROFIT FROM OPERATION BEFORE FINANCE COST

Profit from operation before finance cost is arrived at after charging
 /(crediting) the following items :-

	<u>2018</u>	<u>2017</u>
Auditor's remuneration	\$ 80,000	\$ 80,000
Staff costs	36,679,592	41,718,335
Rental payment under operating lease	1,446,416	1,278,273
Depreciation	134,927	81,573
Interest income	(390,119)	(45,293)
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Companies Ordinance is as follow :-

	<u>2018</u>	<u>2017</u>
Fees	\$ -	\$ -
Other emoluments	3,500,000	3,021,155
	-----	-----
	\$ 3,500,000	\$ 3,021,155
	=====	=====

11. FINANCE COST

	<u>2018</u>	<u>2017</u>
Bank interest	\$ 1,716,012	\$ 1,502,079
	=====	=====

12. AMOUNTS DUE FROM RELATED COMPANIES

	<u>2018</u>	<u>2017</u>
Amounts due from related companies :-		
Projexasia (Macau)Limited	\$ 53,190	\$ 43,490
Projects Asia Limited	33,370	27,215
	-----	-----
	\$ 86,560	\$ 70,705
	=====	=====

The amounts due are unsecured, interest free, and repayable on demand.

13. CONTRACT ASSETS/LIABILITIES

a) Contract assets :-

	<u>2018</u>	<u>2017</u>
Arising from performance under construction contracts	\$ 37,798,904	\$ 19,473,386
	=====	=====

b) Contract liabilities :-

	<u>2018</u>	<u>2017</u>
Construction contracts - billings in advance of performance	\$ 966,060	\$ 459,268
	=====	=====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

13. CONTRACT ASSETS/LIABILITIES (CONT'D)

c) Revenue recognised in relation to contract assets/liabilities :-

	<u>2018</u>	<u>2017</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 459,268 =====	\$ 11,248,629 =====
Revenue recognised from performance obligations satisfied in previous periods	\$ 19,473,386 =====	\$ 31,673,025 =====

14. OPERATING LEASE COMMITMENT

At 31st December, 2018, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows :

	<u>2018</u>	<u>2017</u>
Land and building :-		
- Expiring in the first year	\$ 733,145	\$ 1,384,416
- Expiring within 2 to 5 years	-	733,145
	-----	-----
	\$ 733,145 =====	\$ 2,117,561 =====

15. TAXATION

a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents :-

	<u>2018</u>	<u>2017</u>
Provision for profits tax at 8.25% on first \$2,000,000 and 16.5% on the remaining estimated assessable profit of the Company for the year (2017: 16.5% on estimated assessable profit for the year)	\$ 112,360	\$ 839,025
Provision for profits tax at 7.5% on first \$2,000,000 and @15% on the remaining profit of the Joint Venture	768,501	-
Transfer to/(from) deferred taxation	23,842	(5,242)
Tax reduction for prior year	(30,000)	(6,891)
Tax reduction for current year	(20,000)	-
	-----	-----
	\$ 854,703 =====	\$ 826,892 =====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

15. TAXATION (CONT'D)

b) Taxation in the consolidated statement of financial position represents :-

	<u>2018</u>	<u>2017</u>
Balance payable/(recoverable) b/f	\$ 829,837	\$(1,897,842)
Provision for the year	880,861	839,025
Tax reduction for prior year	(30,000)	(6,891)
Tax reduction for current year	(20,000)	-
Tax (paid)/repaid during the year	(1,473,862)	1,895,545
	-----	-----
Balance payable c/f	\$ 186,836	\$ 829,837
	=====	=====

c) Deferred taxation :-

	<u>2018</u>	<u>2017</u>
Balance b/f	\$ 4,548	\$ 9,790
Transfer from/(to) statement of profit or loss and other comprehensive income	23,842	(5,242)
	-----	-----
Balance c/f	\$ 28,390	\$ 4,548
	=====	=====

Deferred tax is provided for the taxation effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The charge for the year ended can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows : -

	<u>2018</u>	<u>2017</u>
Profit before taxation	\$ 7,574,672	\$ 5,095,928
	=====	=====
Tax @8.25% on first \$2,000,000 and @16.5% on the remaining (2017: Tax @16.5%) profit of the Company	\$ 198,608	\$ 840,828
Tax @7.5% on first \$2,000,000 and @15% on the remaining profit of the Joint Venture	768,501	-
Tax effect of non-assessable income	(64,369)	(7,474)
Tax effect of non-deductible expenses	1,963	429
Tax reduction for prior year	(30,000)	(6,891)
Tax reduction for current year	(20,000)	-
	-----	-----
Tax charge for the year	\$ 854,703	\$ 826,892
	=====	=====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

16. RETIREMENT BENEFITS PLAN

The Company participates in a Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Company, in funds under the control of trustees.

The MPF Scheme is funded by monthly contributions from both the Company and employees according to a percentage of the employee's basic salary (Company : 5% ; employees : 5%).

The total cost charged to the statement of profit or loss and other comprehensive income of \$960,787 (2017 : \$1,249,425) represents contributions payable to this scheme by the Company in respect of the current accounting year.

17. BANKING FACILITIES

The banking facilities granted to the Company are secured by personal guarantee from all directors.

18. BANK LOANS

	<u>2018</u>	<u>2017</u>
Repayable on demand	\$19,800,210	\$19,045,233
	=====	=====

The bank loans are secured by personal guarantee from the Company's directors, guarantee issued by Hong Kong Government and guarantee from The Hong Kong Mortgage Corporation Limited.

19. CONTINGENT LIABILITY

As at 31st December, 2018, the Company has contingent liabilities as follows :-

	<u>Bond amount</u>	<u>Cash collateral</u>	<u>Contingent liability</u>
The Hongkong and Shanghai Banking Corporation Limited :- Surety bond	9,722,000	8,800,000	922,000
	=====	=====	=====

20. PARTICULARS OF THE JOINT VENTURE

As 31 December, 2018, the Company had interests in the following joint venture :-

<u>Name of joint venture</u>	<u>Principal activity</u>	<u>Interest held</u>
Scenario - Projexasia JV	Project - Hong Kong Disneyland Castle Hub	Joint control

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

21. NOTES TO STATEMENT OF CASH FLOWS

- a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities :-

	<u>2018</u>	<u>2017</u>
Cash inflow/(outflow) from operating activities :-		
Profit before taxation	\$ 7,574,672	\$ 5,095,928
Adjustments for :-		
Interest expenses	1,716,012	1,502,079
Depreciation	134,927	81,573
Interest income	(390,119)	(45,293)
	-----	-----
Operating profit before working capital changes	\$ 9,035,492	\$ 6,634,287
(Increase)/decrease in accounts receivable	(15,371,021)	15,602,091
(Increase)/decrease in contract assets	(18,325,518)	12,199,639
Increase in amount due from related companies	(15,855)	(14,528)
Decrease/(increase) in deposits, prepayment & other receivable	4,308,450	(200,418)
(Increase)/decrease in retention monies receivable	(7,549,667)	36,500
Increase/(decrease) in accounts payable	85,592,018	(29,153,139)
(Decrease)/increase in accruals and other payable	(26,521)	68,541
Increase in amount due from shareholders	-	1,199,997
(Decrease)/increase in retention monies payable	(6,337,000)	732,200
Increase /(decrease) in contract liabilities	506,792	(10,789,361)
	-----	-----
Cash generated from/(used in) operations	\$ 51,817,170	\$ (3,684,191)
Tax (paid)/repaid	(1,473,862)	1,895,545
	-----	-----
Net cash inflow/(outflow) from operating activities	\$ 50,343,308	\$ (1,788,646)
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

21. NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

b) Analysis of changes in cash and cash equivalents as shown in the consolidated statement of financial position :-

	<u>2018</u>	<u>2017</u>
Cash at banks and in hand	\$ 63,690,050	\$ 17,566,892
Bank overdraft	-	(2,953,328)
	-----	-----
	\$ 63,690,050	\$ 14,613,564
	=====	=====

22. VOLUNTARY LIQUIDATION OF A CUSTOMER

HMV Marketing Limited, a customer of the Company, was put into voluntary liquidation at the end of the year. The exact amount irrecoverable from the customer cannot be ascertained at the moment but the Company estimates the maximum exposure to this customer is around HK\$1 million.

23. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company to be Crystal Blue Developments Limited, a company incorporated in British Virgin Islands.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
 (Expressed in Hong Kong dollars)

24. STATEMENT OF FINANCIAL POSITION (COMPANY)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS AND LIABILITIES :-</u>			
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	3d	\$ 340,719	\$ 128,946
Investment	3j	6,426,028	6,076,822
		-----	-----
		\$ 6,766,747	\$ 6,205,768
		- - - - -	- - - - -
<u>CURRENT ASSETS</u>			
Contract assets	3g	\$ 30,402,113	\$ 19,473,386
Accounts receivable		34,949,370	19,578,349
Retention monies receivable		13,536,332	14,789,000
Amounts due from related companies	3i	86,560	70,705
Deposits, prepayment and other receivables		1,201,232	5,509,682
Tax recoverable	3b	581,665	-
Cash at banks and in hand	3h	28,585,430	17,566,892
		-----	-----
		\$109,342,702	\$ 76,988,014
		- - - - -	- - - - -
<u>LESS: CURRENT LIABILITIES</u>			
Bank overdraft	3h	\$ -	\$ 2,953,328
Contract liabilities	3g	966,060	459,268
Retention monies payable		962,500	7,299,500
Accounts payable		72,241,833	32,263,549
Bank loans		19,800,210	19,045,233
Other payable and accruals		250,083	276,604
Tax payable	3b	-	829,837
		-----	-----
		\$ 94,220,686	\$ 63,127,319
		- - - - -	- - - - -
<u>NET CURRENT ASSETS</u>		\$ 15,122,016	\$ 13,860,695
		- - - - -	- - - - -
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		\$ 21,888,763	\$ 20,066,463
<u>LESS: NON-CURRENT LIABILITY</u>			
Deferred tax	3b	28,390	4,548
		-----	-----
		\$ 21,860,373	\$ 20,061,915
		=====	=====
<u>CAPITAL AND RESERVE :-</u>			
SHARE CAPITAL	7	\$ 4,200,000	\$ 4,200,000
ACCUMULATED PROFIT		17,660,373	15,861,915
		-----	-----
		\$ 21,860,373	\$ 20,061,915
		=====	=====

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 30th April, 2019.

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Hong Kong dollars)

	<u>2018</u>	<u>2017</u>
Turnover		
Turnover of construction projects	\$204,398,343	\$246,298,458
Less: Cost of sales		
Site expenses (Appendix I)	186,946,469	223,297,960
	-----	-----
Gross profit	\$ 17,451,874	\$ 23,000,498
Other income	414,617	45,396
	-----	-----
	\$ 17,866,491	\$ 23,045,894
Less: Operating expenses (Appendix II)	14,265,819	16,447,887
	-----	-----
Profit from operation before finance costs	\$ 3,600,672	\$ 6,598,007
Finance cost	(1,716,012)	(1,502,079)
	-----	-----
Profit from operation before taxation		
	\$ 1,884,660	\$ 5,095,928
Taxation	(86,202)	(826,892)
	-----	-----
Net profit for the year	\$ 1,798,458	\$ 4,269,036
Other comprehensive income	-	-
	-----	-----
Total comprehensive income for the year	\$ 1,798,458	\$ 4,269,036
	=====	=====

(Appendix I)

SITE EXPENSES

	<u>2018</u>	<u>2017</u>
Consultancy fee	\$ 903,823	\$ 2,235,111
Entertainment	48,087	77,253
Government levy fees	1,286,870	2,689,249
Insurance	1,932,722	1,391,512
Local travelling	262,677	29,635
Miscellaneous	805	10,032
Office supplies	111,070	194,594
Oversea travelling	-	13,019
Printing and stationery	190,324	201,635
Plant and equipment supplies, hire of machinery and consumable materials	957,768	948,598
Repair and maintenance	51,300	13,650
Salaries and wages	25,492,736	29,400,119
MPF contributions	788,644	1,037,628
Safety expenses	578,874	523,638
Staff welfare	459,519	60,000
Subcontracting	153,545,775	184,263,548
Telecommunication	121,696	60,118
Transportation	83,913	148,621
Utilities	129,866	-
	-----	-----
	\$186,946,469	\$223,297,960
	=====	=====

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Hong Kong dollars)

(Appendix II)

OPERATING EXPENSES

	<u>2018</u>	<u>2017</u>
Auditor's remuneration	\$ 80,000	\$ 80,000
Depreciation	134,927	81,573
Directors' remuneration	3,500,000	3,021,155
Rental payments under operating leases	1,446,416	1,278,273
MPF contribution	172,143	211,797
Salaries and allowances	3,961,309	5,077,857
Tendering salaries	2,292,491	2,904,779
Bank charges	41,674	172,156
Building management fee and rate	219,199	213,562
Business registration fee	2,250	250
Cleaning	33,120	30,870
Donation	59,000	28,000
Entertainment	240,568	193,695
Insurance	319,709	369,758
Legal and professional fee	541,598	506,775
Local travelling	46,480	35,160
Consultancy Fee	314,850	19,000
Medical	-	263,109
Membership and subscription fees	78,416	93,423
Miscellaneous	13,410	4,454
Motor car expenses	151,065	76,587
Office supplies	105,794	75,781
Repair & maintenance	51,200	160,103
Postage and courier	11,455	10,010
Printing and stationery	207,826	243,763
Promotion fees and advertising	-	2,160
Recruitment expenses	27,930	330,000
Safety expenses	18,728	28,043
Staff welfare	12,750	5,000
Storage fee	-	19,500
Telecommunication	104,210	62,200
Tendering	36,685	101,492
Training	13,245	25,581
Utilities	27,371	29,471
Bad debts	-	692,550
	-----	-----
	\$ 14,265,819	\$ 16,447,887
	=====	=====

PROJEXASIA LIMITED

2019

**DIRECTOR'S REPORT AND ACCOUNTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019**
至二零一九年八月三十一日止八個月期間
之董事報告及財務報表



W. H. WONG & CO. (CPA)

黃永漢會計師事務所

PROJEXASIA LIMITED
REPORT OF THE DIRECTOR

The director has pleasure in submitting his report and audited financial statements of the Company and of the Group for the 8-month period ended 31st August, 2019.

PRINCIPAL PLACE OF BUSINESS

Projexasia Limited is a company incorporated and domiciled in Hong Kong with limited liability and has its registered office and principal place of business at 2/F., Chung Nam Building, 1 Lockhart Road, Hong Kong.

COMPANY'S ACTIVITY

The principal activities of the Company during the period were provision of construction management services and acting as a management contractor.

BUSINESS REVIEW

Despite a drop in turnover, it is prudently optimistic for the Company's future. It is not aware of any major risks and uncertainties facing the Company and there is no significant event affecting the Company that have occurred since the end of the financial period.

FINANCIAL STATEMENTS

The statement of profit or loss and other comprehensive income of the Group for the 8-month period ended 31st August, 2019, and the Company's and the Group's financial position at the end thereof are set out in the financial statements on pages 7 to 24.

DIVIDENDS

During the period, the director declared and paid an interim dividend of HK\$0.97 per share, totaling HK\$4,068,695.

FIXED ASSETS

Particulars of movement of fixed assets during the period are shown in Note 7 to the financial statements.

DIRECTOR

The director in office during the period and up to the date of this report was :-

Mr. Stephen John Grant

There being no provision for the retirement of directors in the Company's Articles of Association, the director shall continue in office for the ensuing year.

PROJEXASIA LIMITED
REPORT OF THE DIRECTOR (CONT'D)

DIRECTOR'S INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the period or at any time during the period.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company a party to any arrangements to enable the director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The Company's Auditors, W. H. Wong and Company, Certified Public Accountants, now retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Chairman

Hong Kong, 1st November, 2019.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Projexasia Limited (the "Company") and a joint venture (hereafter referred to as the "Group") set out on pages 7 to 24, which comprise the consolidated statement of financial position as at 31st August, 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the 8-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st August, 2019 and of its financial performance and consolidated cash flows for the 8-month period then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The director is responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

RESPONSIBILITIES OF DIRECTOR AND THOSE CHARGED WITH GOVERNANCE FOR THE
FINANCIAL STATEMENTS

The director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITY (CONT'D)

As part of an audit in accordance with HKSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

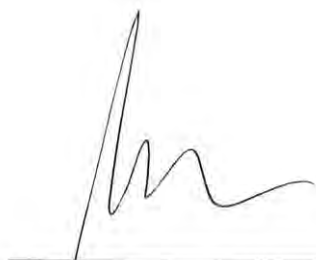
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
4. Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDERS OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITY (CONT'D)

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



W. H. Wong and Company
Certified Public Accountants

Unit 6, 16/F.,
Enterprise Square Three,
39 Wang Chiu Road,
Kowloon Bay,
Hong Kong

Hong Kong, 4th November, 2019.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
TURNOVER	2g&5	\$ 145,432,606	\$ 290,065,291
COST OF SALES		(137,571,987)	(266,923,405)
		-----	-----
GROSS PROFIT		\$ 7,860,619	\$ 23,141,886
OTHER INCOME		210,540	414,617
OPERATING EXPENSES		(9,524,520)	(14,265,819)
		-----	-----
(LOSS)/PROFIT FROM OPERATION BEFORE FINANCE COST	8	\$ (1,453,361)	\$ 9,290,684
FINANCE COST	10	(891,213)	(1,716,012)
		-----	-----
(LOSS)/PROFIT FROM OPERATION BEFORE TAXATION		\$ (2,344,574)	\$ 7,574,672
TAXATION	2b&14a	(59,760)	(854,703)
		-----	-----
NET (LOSS)/PROFIT FOR THE PERIOD/ YEAR		\$ (2,404,334)	\$ 6,719,969
OTHER COMPREHENSIVE INCOME		-	-
		-----	-----
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD/YEAR		\$ (2,404,334)	\$ 6,719,969
		=====	=====

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>SHARE CAPITAL</u>	<u>ACCUMULATED PROFIT</u>	<u>TOTAL</u>
SHAREHOLDERS' EQUITY AT 1ST JANUARY 2018	\$ 4,200,000	\$ 15,861,915	\$ 20,061,915
NET PROFIT FOR 2018	-	6,719,969	6,719,969
	-----	-----	-----
SHAREHOLDERS' EQUITY AT 31ST DECEMBER 2018	\$ 4,200,000	\$ 22,581,884	\$ 26,781,884
NET LOSS FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST 2019	-	(2,404,334)	(2,404,334)
DIVIDENDS PAID	-	(4,068,695)	(4,068,695)
	-----	-----	-----
SHAREHOLDERS' EQUITY AT 31ST AUGUST 2019	\$ 4,200,000	\$ 16,108,855	\$ 20,308,855
	=====	=====	=====

The notes on pages 10 to 24 form part of these financial statements.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>31.8.2019</u>	<u>31.12.2018</u>
<u>ASSETS AND LIABILITIES :-</u>			
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	2d&7	\$ 295,830	\$ 340,719
Investment	2j	6,538,271	6,426,028
		-----	-----
		\$ 6,834,101	\$ 6,766,747
		-----	-----
<u>CURRENT ASSETS</u>			
Contract assets	2g&12a	\$ 52,853,006	\$ 37,798,904
Accounts receivable		20,384,727	34,949,370
Retention monies receivable		28,316,565	22,338,667
Amounts due from related companies	2i&11	103,165	86,560
Deposits, prepayment and other receivables		1,561,089	1,201,232
Cash at banks and in hand	2h&20b	29,944,192	63,690,050
		-----	-----
		\$133,162,744	\$160,064,783
		-----	-----
<u>LESS: CURRENT LIABILITIES</u>			
Contract liabilities	2g&12b	\$ 541,539	\$ 966,060
Retention monies payable		962,500	962,500
Accounts payable		94,344,378	117,855,567
Bank loans	17	23,274,804	19,800,210
Other payable and accruals		289,783	250,083
Tax payable	2b&14b	248,874	186,836
		-----	-----
		\$119,661,878	\$140,021,256
		-----	-----
<u>NET CURRENT ASSETS</u>		\$ 13,500,866	\$ 20,043,527
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		\$ 20,334,967	\$ 26,810,274
<u>LESS: NON-CURRENT LIABILITY</u>			
Deferred tax	2b&14c	26,112	28,390
		-----	-----
		\$ 20,308,855	\$ 26,781,884
		=====	=====
<u>CAPITAL AND RESERVE :-</u>			
SHARE CAPITAL	6	\$ 4,200,000	\$ 4,200,000
ACCUMULATED PROFIT		16,108,855	22,581,884
		-----	-----
		\$ 20,308,855	\$ 26,781,884
		=====	=====

 Director

The notes on pages 10 to 24 form part of these financial statements.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

	Notes	8-month period ended 31.8.2019	Year ended 31.12.2018
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20a	\$ (32,324,791)	\$ 50,343,308
INVESTING ACTIVITIES			
Payment to acquire fixed assets		\$ (34,050)	\$ (346,700)
Increase in investment		(112,243)	(349,206)
Interest received		210,540	390,119
		-----	-----
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		\$ 64,247	\$ (305,787)
FINANCING ACTIVITIES			
Proceeds from bank loan		\$ 9,900,000	\$ 7,600,000
Capital element of bank loans repayment		(6,425,406)	(6,845,023)
Interest element of bank loans repayment		(891,213)	(1,716,012)
Dividend paid		(4,068,695)	-
		-----	-----
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		\$ (1,485,314)	\$ (961,035)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		\$ (33,745,858)	\$ 49,076,486
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		63,690,050	14,613,564
		-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	20b	\$ 29,944,192	\$ 63,690,050
		=====	=====

The notes on pages 10 to 24 form part of these financial statements.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the applicable disclosure provisions of the Hong Kong Financial Reporting Standards ("HKFRS"), HKFRS Interpretations including compliance with Hong Kong Accounting Standards ("HKAS") and HKAS Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are as follows :

a) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and a joint venture.

A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When recognising an interest in a jointly controlled entity, it is essential that a venturer reflects the substance and economic reality of the arrangement, rather than the joint venture's particular structure or form. In a jointly controlled entity, a venturer has control over its share of future economic benefits through its share of the assets and liabilities of the venture. This substance and economic reality are reflected in the consolidated financial statements of the venturer when income and expenses of the venturer recognises its interests in the assets, liabilities, the jointly controlled entity by using proportionate consolidation.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) TAXATION

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

c) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated for all fixed assets using the straight-line method to write down their costs to their residual values over their estimated useful lives per annum as follows:

Computer	33.33%
Other assets	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

e) RETIREMENT BENEFIT COST

Payment to the Mandatory Provident Fund Scheme is charged as an expense in statement of profit or loss and other comprehensive income as they fall due.

f) LEASE

Assets operated under the terms of finance leases where substantially all the risks and rewards of ownership of the assets remain with the Company are recorded as fixed assets and the corresponding liabilities are recorded as obligations under finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Contingent rentals are charged to the statement of profit or loss and other comprehensive income in the accounting year in which they are incurred.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g) REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application, 1 January 2018. Under HKFRS 15, the Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met :

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i) RELATED PARTIES

- (i) A person, or a close member of that person's family, is related to the Group if that person:
- (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

j) INVESTMENT

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j) INVESTMENT (CONT'D)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent years when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the year. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the year. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

k) JOINT VENTURE

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognizes its interest in the joint operation by combining the assets, liabilities, revenues and expenses relating to its interest with similar items on a line by line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019

3. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements.

4. FINANCIAL RISK MANAGEMENT

a) Financial instruments risk

Financial instruments consist of accounts receivables, accounts payable, bank loans, cash and bank balances. Being a management contractor, the Group carries as little risk from financial instruments as practicable.

b) Credit risk

Accounts receivable is short term in nature and the associated risk is low.

c) Foreign exchange risk

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars.

d) Cash flow interest rate risk

Except for the Group's bank borrowing, the Group has no significant interest-bearing assets and liabilities. Cash at bank earns interest at floating rates based on daily bank deposits rates.

5. TURNOVER

Turnover represents contract revenue recognised by reference to the stage of completion of the contract works at the end of the reporting period.

6. SHARE CAPITAL

	<u>31.8.2019</u>	<u>31.12.2018</u>
Ordinary shares with no par value :		
4,200,000 ordinary shares	\$ 4,200,000	\$ 4,200,000
	=====	=====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture & equipment</u>	<u>Computer</u>	<u>Total</u>
COST :-				
At 1.1.2019	\$ 599,668	\$1,034,570	\$1,241,035	\$ 2,875,273
Additions	-	25,700	8,350	34,050
	-----	-----	-----	-----
At 31.8.2019	\$ 599,668	\$1,060,270	\$1,249,385	\$ 2,909,323
	=====	=====	=====	=====
LESS ACCUMULATED DEPRECIATION :-				
At 1.1.2019	\$ 599,668	\$ 729,920	\$1,204,966	\$ 2,534,554
Charge for the year	-	63,414	15,525	78,939
	-----	-----	-----	-----
At 31.8.2019	\$ 599,668	\$ 793,334	\$1,220,491	\$ 2,613,493
	=====	=====	=====	=====
NET BOOK VALUE :-				
At 31.8.2019	\$ -	\$ 266,936	\$ 28,894	\$ 295,830
	=====	=====	=====	=====
At 31.12.2018	\$ -	\$ 304,650	\$ 36,069	\$ 340,719
	=====	=====	=====	=====

8. (LOSS)/PROFIT FROM OPERATION BEFORE FINANCE COST

(Loss)/profit from operation before finance cost is arrived at after charging /(crediting) the following items :-

	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
Auditor's remuneration	\$ 48,000	\$ 80,000
Staff costs	25,193,790	36,679,592
Rental payment under operating lease	997,473	1,446,416
Depreciation	78,939	134,927
Interest income	(210,540)	(390,119)
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Companies Ordinance is as follow :-

	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
Fees	\$ -	\$ -
Other emoluments	2,153,846	3,500,000
	-----	-----
	\$ 2,153,846	\$ 3,500,000
	=====	=====

10. FINANCE COST

	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
Bank interest	\$ 891,213	\$ 1,716,012
	=====	=====

11. AMOUNTS DUE FROM RELATED COMPANIES

	<u>31.8.2019</u>	<u>31.12.2018</u>
Amounts due from related companies :-		
Projexasia (Macau)Limited	\$ 63,890	\$ 53,190
Projects Asia Limited	39,275	33,370
	-----	-----
	\$ 103,165	\$ 86,560
	=====	=====

The amounts due are unsecured, interest free, and repayable on demand.

12. CONTRACT ASSETS/LIABILITIES

a) Contract assets :-

	<u>31.8.2019</u>	<u>31.12.2018</u>
Arising from performance under construction contracts	\$52,853,006	\$37,798,904
	=====	=====

b) Contract liabilities :-

	<u>31.8.2019</u>	<u>31.12.2018</u>
Construction contracts - billings in advance of performance	\$ 541,539	\$ 966,060
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

12. CONTRACT ASSETS/LIABILITIES (CONT'D)

c) Revenue recognised in relation to contract assets/liabilities :-

	<u>31.8.2019</u>	<u>31.12.2018</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 966,060 =====	\$ 459,268 =====
Revenue recognised from performance obligations satisfied in previous periods	\$37,798,904 =====	\$19,473,386 =====

13. OPERATING LEASE COMMITMENT

At 31st August, 2019, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows :

	<u>31.8.2019</u>	<u>31.12.2018</u>
Land and building :-		
- Expiring in the first year	\$ 1,586,310	\$ 733,145
- Expiring within 2 to 5 years	1,368,832	-
	----- \$ 2,955,142 =====	----- \$ 733,145 =====

14. TAXATION

a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents :-

	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
Provision for profits tax at 8.25% on first \$2,000,000 and 16.5% on the remaining estimated assessable profit of the Company for the year	\$ -	\$ 112,360
Provision for profits tax at 7.5% on first \$2,000,000 and @15% on the remaining profit of the Joint Venture	508,037	768,501
Transfer (from)/to deferred taxation	(2,278)	23,842
Overprovision in prior year	(435,999)	-
Tax reduction for prior year	-	(30,000)
Tax reduction for current year	(10,000)	(20,000)
	----- \$ 59,760 =====	----- \$ 854,703 =====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

14. TAXATION (CONT'D)

b) Taxation in the consolidated statement of financial position represents :-

	<u>31.8.2019</u>	<u>31.12.2018</u>
Balance payable b/f	\$ 186,836	\$ 829,837
Provision for the year	508,037	880,861
Overprovision in prior year	(435,999)	-
Tax reduction for prior year	-	(30,000)
Tax reduction for current year	(10,000)	(20,000)
Tax paid during the year	-	(1,473,862)
	-----	-----
Balance payable c/f	\$ 248,874	\$ 186,836
	=====	=====

c) Deferred taxation :-

	<u>31.8.2019</u>	<u>31.12.2018</u>
Balance b/f	\$ 28,390	\$ 4,548
Transfer (to)/from statement of profit or loss and other comprehensive income	(2,278)	23,842
	-----	-----
Balance c/f	\$ 26,112	\$ 28,390
	=====	=====

Deferred tax is provided for the taxation effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The charge for the period/year ended can be reconciled to the (loss)/profit per the consolidated statement of profit or loss and other comprehensive income as follows :-

	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
(Loss)/profit before taxation	\$(2,344,574)	\$ 7,574,672
	=====	=====
Tax @8.25% on first \$2,000,000 and @16.5% on the remaining	\$(1,037,508)	\$ 198,608
Tax @7.5% on first \$2,000,000 and @15% on the remaining profit of the Joint Venture	516,503	768,501
Tax effect of non-assessable income	(33,892)	(64,369)
Tax effect of non-deductible expenses	1,964	1,963
Tax effect of tax loss not recognized	1,058,692	-
Overprovision in prior year	(435,999)	-
Tax reduction for prior year	-	(30,000)
Tax reduction for current year	(10,000)	(20,000)
	-----	-----
Tax charge for the year	\$ 59,760	\$ 854,703
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

15. RETIREMENT BENEFITS PLAN

The Company participates in a Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Company, in funds under the control of trustees.

The MPF Scheme is funded by monthly contributions from both the Company and employees according to a percentage of the employee's basic salary (Company : 5% ; employees : 5%).

The total cost charged to the statement of profit or loss and other comprehensive income of \$743,711 (2018 : \$960,787) represents contributions payable to this scheme by the Company in respect of the current accounting period.

16. BANKING FACILITIES

The banking facilities granted to the Company are secured by personal guarantee from all directors.

17. BANK LOANS

	<u>31.8.2019</u>	<u>31.12.2018</u>
Repayable on demand	\$23,274,804	\$19,800,210
	=====	=====

The bank loans are secured by personal guarantee from the Company's directors, guarantee issued by Hong Kong Government and guarantee from The Hong Kong Mortgage Corporation Limited.

18. CONTINGENT LIABILITY

As at 31st August, 2019, the Company has contingent liabilities as follows :-

	<u>Bond amount</u>	<u>Cash collateral</u>	<u>Contingent liability</u>
The Hongkong and Shanghai Banking Corporation Limited :- Surety bond	9,722,000	8,800,000	922,000
	=====	=====	=====

19. PARTICULARS OF THE JOINT VENTURE

As 31 August, 2019, the Company had interests in the following joint venture :-

<u>Name of joint venture</u>	<u>Principal activity</u>	<u>Interest held</u>
Scenario - Projexasia JV	Project - Hong Kong Disneyland Castle Hub	Joint control

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

20. NOTES TO STATEMENT OF CASH FLOWS

- a) Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities :-

	<u>8-month</u> <u>period ended</u> <u>31.8.2019</u>	<u>Year ended</u> <u>31.12.2018</u>
Cash (outflow)/inflow from operating activities :-		
(Loss)/profit before taxation	\$ (2,344,574)	\$ 7,574,672
Adjustments for :-		
Interest expenses	891,213	1,716,012
Depreciation	78,939	134,927
Interest income	(210,540)	(390,119)
	-----	-----
Operating (loss)/profit before working capital changes	\$ (1,584,962)	\$ 9,035,492
Decrease/(increase) in accounts receivable	14,564,643	(15,371,021)
Increase in contract assets	(15,054,102)	(18,325,518)
Increase in amount due from related companies	(16,605)	(15,855)
(Increase)/decrease in deposits, prepayment & other receivable	(359,857)	4,308,450
Increase in retention monies receivable	(5,977,898)	(7,549,667)
(Decrease)/increase in accounts payable	(23,511,189)	85,592,018
Increase/(decrease) in accruals and other payable	39,700	(26,521)
Decrease in retention monies payable	-	(6,337,000)
(Decrease)/increase in contract liabilities	(424,521)	506,792
	-----	-----
Cash (used in)/generated from operations	\$ (32,324,791)	\$ 51,817,170
Tax paid	-	(1,473,862)
	-----	-----
Net cash (outflow)/inflow from operating activities	\$ (32,324,791)	\$ 50,343,308
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

20. NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

- b) Analysis of changes in cash and cash equivalents as shown in the consolidated statement of financial position :-

	<u>31.8.2019</u>	<u>31.12.2018</u>
Cash at banks and in hand	\$ 29,944,192 =====	\$ 63,690,050 =====

21. VOLUNTARY LIQUIDATION OF A CUSTOMER

HMV Marketing Limited, a customer of the Company, was put into voluntary liquidation at the end of the year. The exact amount irrecoverable from the customer cannot be ascertained at the moment but the Company estimates the maximum exposure to this customer is around HK\$1 million.

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
 (Expressed in Hong Kong dollars)

22. STATEMENT OF FINANCIAL POSITION (COMPANY)

	<u>Notes</u>	<u>31.8.2019</u>	<u>31.12.2018</u>
<u>ASSETS AND LIABILITIES :-</u>			
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	2d	\$ 295,830	\$ 340,719
Investment	2j	6,538,271	6,426,028
		-----	-----
		\$ 6,834,101	\$ 6,766,747
		- - - - -	- - - - -
<u>CURRENT ASSETS</u>			
Contract assets	2g	\$ 22,966,590	\$ 30,402,113
Accounts receivable		20,384,727	34,949,370
Retention monies receivable		12,769,500	13,536,332
Amounts due from related companies	2i	103,165	86,560
Deposits, prepayment and other receivables		1,561,089	1,201,232
Tax recoverable	2b	581,665	581,665
Cash at banks and in hand	2h	10,978,023	28,585,430
		-----	-----
		\$ 69,344,759	\$109,342,702
		- - - - -	- - - - -
<u>LESS: CURRENT LIABILITIES</u>			
Contract liabilities	2g	\$ 541,539	\$ 966,060
Retention monies payable		962,500	962,500
Accounts payable		39,578,095	72,241,833
Bank loans		23,274,804	19,800,210
Other payable and accruals		289,783	250,083
		-----	-----
		\$ 64,646,721	\$ 94,220,686
		- - - - -	- - - - -
<u>NET CURRENT ASSETS</u>			
		\$ 4,698,038	\$ 15,122,016
		- - - - -	- - - - -
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		\$ 11,532,139	\$ 21,888,763
<u>LESS: NON-CURRENT LIABILITY</u>			
Deferred tax	2b	26,112	28,390
		-----	-----
		\$ 11,506,027	\$ 21,860,373
		=====	=====
<u>CAPITAL AND RESERVE :-</u>			
SHARE CAPITAL	6	\$ 4,200,000	\$ 4,200,000
ACCUMULATED PROFIT		7,306,027	17,660,373
		-----	-----
		\$ 11,506,027	\$ 21,860,373
		=====	=====

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 1st November, 2019.

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

	<u>8-month period ended 31.8.2019</u>	<u>Year ended 31.12.2018</u>
Turnover		
Turnover of construction projects	\$ 79,943,972	\$204,398,343
Less: Cost of sales		
Site expenses (Appendix I)	75,970,268	186,946,469
	-----	-----
Gross profit	\$ 3,973,704	\$ 17,451,874
Other income	154,100	414,617
	-----	-----
	\$ 4,127,804	\$ 17,866,491
Less: Operating expenses (Appendix II)	9,524,520	14,265,819
	-----	-----
(Loss)/profit from operation before finance costs	\$ (5,396,716)	\$ 3,600,672
Finance cost	(891,213)	(1,716,012)
	-----	-----
(Loss)/profit from operation before taxation	\$ (6,287,929)	\$ 1,884,660
Taxation	2,278	(86,202)
	-----	-----
Net (loss)/profit for the year	\$ (6,285,651)	\$ 1,798,458
Other comprehensive income	-	-
	-----	-----
Total comprehensive (expense)/income for the year	\$ (6,285,651)	\$ 1,798,458
	=====	=====

(For management purpose only)

PROJEXASIA LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

(Appendix I)

SITE EXPENSES

	<u>8-month</u> <u>period ended</u> <u>31.8.2019</u>	<u>Year ended</u> <u>31.12.2018</u>
Consultancy fee	\$ 396,855	\$ 903,823
Entertainment	54,513	48,087
Government levy fees	1,082,721	1,286,870
Insurance	420,764	1,932,722
Local travelling	238,930	262,677
Miscellaneous	-	805
Office supplies	6,320	111,070
Printing and stationery	47,647	190,324
Plant and equipment supplies, hire of machinery and consumable materials	175,217	957,768
Repair and maintenance	400	51,300
Salaries and wages	17,976,272	25,492,736
MPF contributions	618,072	788,644
Safety expenses	412,937	578,874
Staff welfare	-	459,519
Subcontracting	54,526,720	153,545,775
Telecommunication	-	121,696
Transportation	12,900	83,913
Utilities	-	129,866
	-----	-----
	\$ 75,970,268	\$186,946,469
	=====	=====

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)
FOR THE 8-MONTH PERIOD ENDED 31ST AUGUST, 2019
(Expressed in Hong Kong dollars)

(Appendix II)

OPERATING EXPENSES

	<u>8-month</u> <u>period ended</u> <u>31.8.2019</u>	<u>Year ended</u> <u>31.12.2018</u>
Auditor's remuneration	\$ 48,000	\$ 80,000
Depreciation	78,939	134,927
Directors' remuneration	2,153,846	3,500,000
Rental payments under operating leases	997,473	1,446,416
MPF contribution	125,639	172,143
Salaries and allowances	2,273,114	3,961,309
Tendering salaries	2,041,847	2,292,491
Bank charges	276,644	41,674
Building management fee and rate	151,901	219,199
Business registration fee	2,250	2,250
Cleaning	22,080	33,120
Donation	10,000	59,000
Entertainment	120,094	240,568
Insurance	273,063	319,709
Legal and professional fee	68,355	541,598
Local travelling	11,401	46,480
Consultancy Fee	133,415	314,850
Membership and subscription fees	95,761	78,416
Miscellaneous	22,217	13,410
Motor car expenses	50,340	151,065
Office supplies	23,931	105,794
Repair & maintenance	8,060	51,200
Postage and courier	9,306	11,455
Printing and stationery	91,992	207,826
Recruitment expenses	203,430	27,930
Safety expenses	21,070	18,728
Staff welfare	5,000	12,750
Telecommunication	85,578	104,210
Tendering	95,592	36,685
Training	1,290	13,245
Utilities	22,892	27,371
	-----	-----
	\$ 9,524,520	\$ 14,265,819
	=====	=====

PROJEXASIA LIMITED

2020

**DIRECTOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
二零二零年度至十二月三十一日之董事報告及財務報表**



W. H. WONG & CO. (CPA)

黃永漢會計師事務所

PROJEXASIA LIMITED
REPORT OF THE DIRECTOR

The director has pleasure in submitting their annual report and audited financial statements of the Company and of the Group for the year ended 31st December, 2020.

PRINCIPAL PLACE OF BUSINESS

Projexasia Limited is a company incorporated and domiciled in Hong Kong with limited liability and has its registered office and principal place of business at 2/F., Chung Nam Building, 1 Lockhart Road, Hong Kong.

COMPANY'S ACTIVITY

The principal activities of the Company during the year were provision of construction management services and acting as a management contractor.

BUSINESS REVIEW

The company is cautiously optimistic for its future. It is not aware of any major risks and uncertainties facing the Company and there is no significant event affecting the Company that have occurred since the end of the financial year.

FINANCIAL STATEMENTS

The statement of profit or loss and other comprehensive income of the Group for the year ended 31st December, 2020, and the Company's and the Group's financial position at the end thereof are set out in the financial statements on pages 7 to 23.

DIVIDENDS

During the year, the director declared and paid an interim dividend of HK\$0.84 per share, totaling HK\$3,530,434.

FIXED ASSETS

Particulars of movement of fixed assets during the year are shown in Note 7 to the financial statements.

DIRECTOR

The director in office during the year and up to the date of this report was :-

Mr. Stephen John Grant

There being no provision for the retirement of directors in the Company's Articles of Association, the director shall continue in office for the ensuing year.

PROJEXASIA LIMITED
REPORT OF THE DIRECTOR (CONT'D)

DIRECTOR'S INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.


ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The Company's Auditors, W. H. Wong and Company, Certified Public Accountants, now retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

A handwritten signature in blue ink, consisting of a large loop and a smaller loop, positioned above a horizontal line.

Chairman

Hong Kong, 9th August, 2021.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Projexasia Limited (the "Company") and a joint venture (hereafter referred to as the "Group") set out on pages 7 to 23, which comprise the consolidated statement of financial position as at 31st December, 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The result of the joint venture is based on the draft audited financial statements of the joint venture as the final audited financial statement are not yet available.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2020 and of its financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The director is responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDER OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

RESPONSIBILITIES OF DIRECTOR AND THOSE CHARGED WITH GOVERNANCE FOR THE
FINANCIAL STATEMENTS

The director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDER OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITY (CONT'D)

As part of an audit in accordance with HKSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

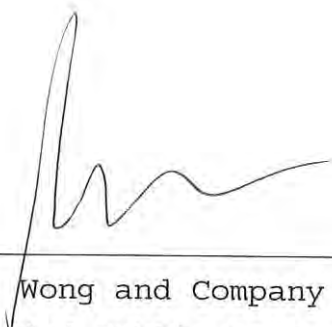
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
4. Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE SHAREHOLDER OF PROJEXASIA LIMITED
(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITY (CONT'D)

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



W. H. Wong and Company
Certified Public Accountants

Unit 6, 16/F.,
Enterprise Square Three,
39 Wang Chiu Road,
Kowloon Bay,
Hong Kong

Hong Kong, 10th August, 2021.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
TURNOVER	2g&5	\$ 165,978,629	\$ 179,327,322
COST OF SALES		(167,345,660)	(164,150,716)
		-----	-----
GROSS (LOSS)/PROFIT		\$ (1,367,031)	\$ 15,176,606
OTHER INCOME		2,725,242	303,949
OPERATING EXPENSES		(13,477,289)	(11,935,926)
		-----	-----
(LOSS)/PROFIT FROM OPERATION BEFORE FINANCE COST	8	\$ (12,119,078)	\$ 3,544,629
FINANCE COST	10	(795,221)	(1,317,143)
		-----	-----
(LOSS)/PROFIT FROM OPERATION BEFORE TAXATION		\$ (12,914,299)	\$ 2,227,486
TAXATION	2b&14a	262,922	(822,987)
		-----	-----
NET (LOSS)/PROFIT FOR THE YEAR		\$ (12,651,377)	\$ 1,404,499
OTHER COMPREHENSIVE INCOME		-	-
		-----	-----
TOTAL COMPREHENSIVE (EXPENSE) /INCOME FOR THE YEAR		\$ (12,651,377)	\$ 1,404,499
		=====	=====

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>SHARE CAPITAL</u>	<u>ACCUMULATED PROFIT</u>	<u>TOTAL</u>
SHAREHOLDERS' EQUITY AT 1ST JANUARY 2019	\$ 4,200,000	\$ 22,581,884	\$ 26,781,884
NET PROFIT FOR 2019	-	1,404,499	1,404,499
DIVIDENDS PAID	-	(6,068,695)	(6,068,695)
	-----	-----	-----
SHAREHOLDERS' EQUITY AT 31ST DECEMBER 2019	\$ 4,200,000	\$ 17,917,688	\$ 22,117,688
NET LOSS FOR 2020	-	(12,651,377)	(12,651,377)
DIVIDENDS PAID	-	(3,530,434)	(3,530,434)
	-----	-----	-----
SHAREHOLDERS' EQUITY AT 31ST DECEMBER 2020	\$ 4,200,000	\$ 1,735,877	\$ 5,935,877
	=====	=====	=====

The notes on pages 10 to 23 form part of these financial statements.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS AND LIABILITIES :-</u>			
NON-CURRENT ASSETS			
Property, plant & equipment	2d&7	\$ 38,622	\$ 269,550
Investment	2j	11,585,581	6,604,379
		-----	-----
		\$ 11,624,203	\$ 6,873,929
		- - - - -	- - - - -
CURRENT ASSETS			
Contract assets	2g&12a	\$ 31,699,995	\$ 21,230,342
Accounts receivable		4,207,845	27,591,559
Retention monies receivable		3,910,697	5,139,747
Amounts due from related companies	2i&11	118,220	103,365
Deposits, prepayment and other receivables		889,248	1,528,202
Cash at banks and in hand	2h&19b	12,446,541	37,146,748
		-----	-----
		\$ 53,272,546	\$ 92,739,963
		- - - - -	- - - - -
LESS: CURRENT LIABILITIES			
Contract liabilities	2g&12b	\$ 838,206	\$ 7,549,553
Retention monies payable		-	962,500
Due to joint venturers		2,950,245	6,208,796
Accounts payable		30,390,251	47,004,895
Bank loans	17	24,035,317	14,497,001
Other payable and accruals		133,400	235,246
Tax payable	2b&14b	613,453	1,016,501
		-----	-----
		\$ 58,960,872	\$ 77,474,492
		- - - - -	- - - - -
NET CURRENT (LIABILITIES)/ASSETS		\$ (5,688,326)	\$ 15,265,471
		- - - - -	- - - - -
TOTAL ASSETS LESS CURRENT LIABILITIES		\$ 5,935,877	\$ 22,139,400
LESS: NON-CURRENT LIABILITY			
Deferred tax	2b&14c	-	21,712
		-----	-----
		\$ 5,935,877	\$ 22,117,688
		=====	=====
<u>CAPITAL AND RESERVE :-</u>			
SHARE CAPITAL	6	\$ 4,200,000	\$ 4,200,000
ACCUMULATED PROFIT		1,735,877	17,917,688
		-----	-----
		\$ 5,935,877	\$ 22,117,688
		=====	=====

 Director

The notes on pages 10 to 23 form part of these financial statements.

PROJEXASIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19a	\$ (25,276,787)	\$ (13,925,016)
		- - - - -	- - - - -
INVESTING ACTIVITIES			
Payment to acquire fixed assets		\$ (9,300)	\$ (53,592)
Proceeds from disposal of fixed assets		65,000	-
Increase in investment		(4,981,202)	(178,351)
Interest received		289,421	302,704
		-----	-----
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		\$ (4,636,081)	\$ 70,761
		- - - - -	- - - - -
FINANCING ACTIVITIES			
Proceeds from bank loan		\$109,403,758	\$ 9,000,000
Capital element of bank loans repayment		(99,865,442)	(14,303,209)
Interest element of bank loans repayment		(795,221)	(1,317,143)
Dividend paid		(3,530,434)	(6,068,695)
		-----	-----
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		\$ 5,212,661	\$ (12,689,047)
		- - - - -	- - - - -
NET DECREASE IN CASH AND CASH EQUIVALENTS		\$ (24,700,207)	\$ (26,543,302)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		37,146,748	63,690,050
		-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19b	\$ 12,446,541	\$ 37,146,748
		=====	=====

The notes on pages 10 to 23 form part of these financial statements.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the applicable disclosure provisions of the Hong Kong Financial Reporting Standards ("HKFRS"), HKFRS Interpretations including compliance with Hong Kong Accounting Standards ("HKAS") and HKAS Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are as follows :

a) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and a joint venture.

A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When recognising an interest in a jointly controlled entity, it is essential that a venturer reflects the substance and economic reality of the arrangement, rather than the joint venture's particular structure or form. In a jointly controlled entity, a venturer has control over its share of future economic benefits through its share of the assets and liabilities of the venture. This substance and economic reality are reflected in the consolidated financial statements of the venturer when income and expenses of the venturer recognises its interests in the assets, liabilities, the jointly controlled entity by using proportionate consolidation.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) TAXATION

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

c) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated for all fixed assets using the straight-line method to write down their costs to their residual values over their estimated useful lives per annum as follows:

Computer	33.33%
Other assets	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

e) RETIREMENT BENEFIT COST

Payment to the Mandatory Provident Fund Scheme is charged as an expense in statement of profit or loss and other comprehensive income as they fall due.

f) LEASE

Assets operated under the terms of finance leases where substantially all the risks and rewards of ownership of the assets remain with the Company are recorded as fixed assets and the corresponding liabilities are recorded as obligations under finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Contingent rentals are charged to the statement of profit or loss and other comprehensive income in the accounting year in which they are incurred.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g) REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application, 1 January 2018. Under HKFRS 15, the Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met :

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i) RELATED PARTIES

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

j) INVESTMENT

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j) INVESTMENT (CONT'D)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent years when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the year. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the year. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

k) JOINT VENTURE

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognizes its interest in the joint operation by combining the assets, liabilities, revenues and expenses relating to its interest with similar items on a line by line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

3. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements.

4. FINANCIAL RISK MANAGEMENT

a) Financial instruments risk

Financial instruments consist of accounts receivables, accounts payable, bank loans, cash and bank balances. Being a management contractor, the Group carries as little risk from financial instruments as practicable.

b) Credit risk

Accounts receivable is short term in nature and the associated risk is low.

c) Foreign exchange risk

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars.

d) Cash flow interest rate risk

Except for the Group's bank borrowing, the Group has no significant interest-bearing assets and liabilities. Cash at bank earns interest at floating rates based on daily bank deposits rates.

5. TURNOVER

Turnover represents contract revenue recognised by reference to the stage of completion of the contract works at the end of the reporting period.

6. SHARE CAPITAL

	<u>2020</u>	<u>2019</u>
Ordinary shares with no par value :		
4,200,000 ordinary shares	\$ 4,200,000 =====	\$ 4,200,000 =====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture & equipment</u>	<u>Computer</u>	<u>Total</u>
COST :-				
At 1.1.2020	\$ 599,668	\$1,061,478	\$1,267,719	\$ 2,928,865
Additions	-	-	9,300	9,300
Disposals	-	(300,000)	-	(300,000)
	-----	-----	-----	-----
At 31.12.2020	\$ 599,668	\$ 761,478	\$1,277,019	\$ 2,638,165
	=====	=====	=====	=====
LESS ACCUMULATED DEPRECIATION :-				
At 1.1.2020	\$ 599,668	\$ 825,283	\$1,234,364	\$ 2,659,315
Charge for the year	-	92,667	27,561	120,228
Written back	-	(180,000)	-	(180,000)
	-----	-----	-----	-----
At 31.12.2020	\$ 599,668	\$ 737,950	\$1,261,925	\$ 2,599,543
	=====	=====	=====	=====
NET BOOK VALUE :-				
At 31.12.2020	\$ -	\$ 23,528	\$ 15,094	\$ 38,622
	=====	=====	=====	=====
At 31.12.2019	\$ -	\$ 236,195	\$ 33,355	\$ 269,550
	=====	=====	=====	=====

8. (LOSS)/PROFIT FROM OPERATION BEFORE FINANCE COST

(Loss)/profit from operation before finance cost is arrived at after charging /(crediting) the following items :-

	<u>2020</u>	<u>2019</u>
Auditor's remuneration	\$ 80,000	\$ 103,000
Staff costs	26,384,175	33,852,907
Rental payment under operating lease	1,415,152	1,487,816
Depreciation	120,228	124,761
Interest income	(289,421)	(302,704)
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Companies Ordinance is as follow :-

	<u>2020</u>	<u>2019</u>
Fees	\$ -	\$ -
Other emoluments	2,190,542	1,229,269
	-----	-----
	\$ 2,190,542	\$ 1,229,269
	=====	=====

10. FINANCE COST

	<u>2020</u>	<u>2019</u>
Bank interest	\$ 795,221	\$ 1,317,143
	=====	=====

11. AMOUNTS DUE FROM RELATED COMPANIES

	<u>2020</u>	<u>2019</u>
Amounts due from related companies :-		
Projexasia (Macau)Limited	\$ 74,940	\$ 64,090
Projects Asia Limited	43,280	39,275
	-----	-----
	\$ 118,220	\$ 103,365
	=====	=====

The amounts due are unsecured, interest free, and repayable on demand.

12. CONTRACT ASSETS/LIABILITIES

a) Contract assets :-

	<u>2020</u>	<u>2019</u>
Arising from performance under construction contracts	\$31,699,995	\$21,230,342
	=====	=====

b) Contract liabilities :-

	<u>2020</u>	<u>2019</u>
Construction contracts - billings in advance of performance	\$ 838,206	\$ 7,549,553
	=====	=====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

12. CONTRACT ASSETS/LIABILITIES (CONT'D)

c) Revenue recognised in relation to contract assets/liabilities :-

	<u>2020</u>	<u>2019</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 7,549,553 =====	\$ 966,060 =====
Revenue recognised from performance obligations satisfied in previous periods	\$21,230,342 =====	\$37,798,904 =====

13. OPERATING LEASE COMMITMENT

At 31st December, 2020, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows :

	<u>2020</u>	<u>2019</u>
Land and building :-		
- Expiring in the first year	\$ 840,062	\$ 1,586,310
- Expiring within 2 to 5 years	-	840,062
	-----	-----
	\$ 840,062 =====	\$ 2,426,372 =====

14. TAXATION

a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents :-

	<u>2020</u>	<u>2019</u>
Provision for profits tax at 8.25% on first \$2,000,000 and 16.5% on the remaining estimated assessable profit of the Company for the year	\$ -	\$ -
Provision for profits tax at 8.25% on first \$1,000,000 and @16.5% on the remaining profit of the Joint Venture for the year	-	562,900
Transfer from deferred taxation (Overprovision)/underprovision in prior year	(21,712) (241,210)	(6,678) 266,765
	-----	-----
	\$ (262,922) =====	\$ 822,987 =====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

14. TAXATION (CONT'D)

b) Taxation in the consolidated statement of financial position represents :-

	<u>2020</u>	<u>2019</u>
Balance payable b/f	\$ 1,016,501	\$ 186,836
Provision for the year		
- Company	-	-
- Joint venture	-	562,900
(Overprovision)/underprovision in prior year	(241,210)	266,765
Tax paid during the year	(161,838)	-
	-----	-----
Balance payable c/f	\$ 613,453	\$ 1,016,501
	=====	=====

c) Deferred taxation :-

	<u>2020</u>	<u>2019</u>
Balance b/f	\$ 21,712	\$ 28,390
Transfer to statement of profit or loss and other comprehensive income	(21,712)	(6,678)
	-----	-----
Balance c/f	\$ -	\$ 21,712
	=====	=====

Deferred tax is provided for the taxation effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The (credit)/charge for the year ended can be reconciled to the (loss)/profit per the consolidated statement of profit or loss and other comprehensive income as follows : -

	<u>2020</u>	<u>2019</u>
(Loss)/profit before taxation		
- Company	\$ (5,468,178)	\$ (1,483,478)
- Joint venture	(7,446,121)	3,710,964
	-----	-----
	\$ (12,914,299)	\$ 2,227,486
	=====	=====
Tax loss at 16.5% for the Company	\$ (902,249)	\$ (244,774)
Tax loss at 16.5% for the Joint Venture	(1,228,610)	-
Tax @8.25% on first \$1,000,000 and @16.5% on the remaining profit of the Joint Venture	-	529,808
Tax effect of non-assessable income	(445,540)	(49,945)
Tax effect of non-deductible expenses	1,568	46,018
Tax effect of tax loss not recognized	2,548,696	275,115
(Overprovision)/underprovision in prior year	(241,210)	266,765
Tax effect of deductible temporary difference not recognized	4,423	-
	-----	-----
Tax (credit)/charge for the year	\$ (262,922)	\$ 822,987
	=====	=====

PROJEXASIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

15. RETIREMENT BENEFITS PLAN

The Company participates in a Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Company, in funds under the control of trustees.

The MPF Scheme is funded by monthly contributions from both the Company and employees according to a percentage of the employee's basic salary (Company : 5% ; employees : 5%).

The total cost charged to the statement of profit or loss and other comprehensive income of \$636,093 (2019 : \$1,041,649) represents contributions payable to this scheme by the Company in respect of the current accounting period.

16. BANKING FACILITIES

The banking facilities granted to the Company are secured by personal guarantee from the director.

17. BANK LOANS

	<u>2020</u>	<u>2019</u>
Repayable on demand	\$24,035,317	\$14,497,001
	=====	=====

The bank loans are secured by personal guarantee from the Company's director, guarantee issued by Hong Kong Government and guarantee from The Hong Kong Mortgage Corporation Limited.

18. PARTICULARS OF THE JOINT VENTURE

As at 31 December, 2020, the Company had interests in the following joint venture :-

<u>Name of joint venture</u>	<u>Principal activity</u>	<u>Interest held</u>
Scenario - Projexasia JV	Project - Hong Kong Disneyland Castle Hub	50% - Joint control

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

19. NOTES TO STATEMENT OF CASH FLOWS

a) Reconciliation of operating (loss)/profit to net cash outflow from operating activities :-

	<u>2020</u>	<u>2019</u>
Cash outflow from operating activities :-		
(Loss)/profit before taxation	\$(12,914,299)	\$ 2,227,486
Adjustments for :-		
Interest expenses	795,221	1,317,143
Depreciation	120,228	124,761
Interest income	(289,421)	(302,704)
Bad debts	1,971,363	-
Loss on disposal of fixed assets	55,000	-
	-----	-----
Operating (loss)/profit before working capital changes	\$(10,261,908)	\$ 3,366,686
Decrease in accounts receivable	21,412,351	7,357,811
(Increase)/decrease in contract assets	(10,469,653)	16,568,562
Increase in amount due from related companies	(14,855)	(16,805)
Decrease/(increase) in deposits, prepayment & other receivable	638,954	(326,970)
Decrease in retention monies receivable	1,229,050	17,198,920
Decrease in accounts payable	(16,614,644)	(70,850,672)
(Decrease)/increase in due to joint venturers	(3,258,551)	6,208,796
Decrease in accruals and other payable	(101,846)	(14,837)
Decrease in retention monies payable	(962,500)	-
(Decrease)/increase in contract liabilities	(6,711,347)	6,583,493
	-----	-----
Cash used in operations	\$(25,114,949)	\$(13,925,016)
Tax paid	(161,838)	-
	-----	-----
Net cash outflow from operating activities	\$(25,276,787)	\$(13,925,016)
	=====	=====

b) Analysis of changes in cash and cash equivalents as shown in the consolidated statement of financial position :-

	<u>2020</u>	<u>2019</u>
Cash at banks and in hand	\$ 12,446,541	\$ 37,146,748
	=====	=====

PROJEXASIA LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2020
 (Expressed in Hong Kong dollars)

20. STATEMENT OF FINANCIAL POSITION (COMPANY)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS AND LIABILITIES :-</u>			
NON-CURRENT ASSETS			
Property, plant & equipment	2d	\$ 38,622	\$ 269,550
Investment	2j	11,585,581	6,604,379
		-----	-----
		\$ 11,624,203	\$ 6,873,929
		- - - - -	- - - - -
CURRENT ASSETS			
Contract assets	2g	\$ 25,175,137	\$ 21,230,342
Accounts receivable		4,897,339	13,264,937
Retention monies receivable		3,910,697	5,139,747
Amounts due from related companies	2i	118,220	103,365
Deposits, prepayment and other receivables		889,248	1,401,823
Tax recoverable	2b	-	581,665
Cash at banks and in hand	2h	11,684,052	14,393,389
		-----	-----
		\$ 46,674,693	\$ 56,115,268
		- - - - -	- - - - -
LESS: CURRENT LIABILITIES			
Contract liabilities	2g	\$ 838,206	\$ 462,598
Retention monies payable		-	962,500
Accounts payable		25,007,395	32,544,662
Bank loans		24,035,317	14,497,001
Other payable and accruals		80,000	185,846
		-----	-----
		\$ 49,960,918	\$ 48,652,607
		- - - - -	- - - - -
NET CURRENT (LIABILITIES)/ASSETS		\$ (3,286,225)	\$ 7,462,661
		- - - - -	- - - - -
TOTAL ASSETS LESS CURRENT LIABILITIES		\$ 8,337,978	\$ 14,336,590
LESS: NON-CURRENT LIABILITY			
Deferred tax	2b	-	21,712
		-----	-----
		\$ 8,337,978	\$ 14,314,878
		=====	=====
<u>CAPITAL AND RESERVE :-</u>			
SHARE CAPITAL	6	\$ 4,200,000	\$ 4,200,000
ACCUMULATED PROFIT		4,137,978	10,114,878
		-----	-----
		\$ 8,337,978	\$ 14,314,878
		=====	=====

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 9th August, 2021.

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

	<u>2020</u>	<u>2019</u>
Turnover		
Turnover of construction projects	\$112,845,153	\$106,987,257
Less: Cost of sales		
Site expenses (Appendix I)	106,741,063	95,465,175
	-----	-----
Gross profit	\$ 6,104,090	\$ 11,522,082
Other income	5,700,242	247,509
	-----	-----
	\$ 11,804,332	\$ 11,769,591
Less: Operating expenses (Appendix II)	13,477,289	11,935,926
	-----	-----
Loss from operation before finance costs	\$ (1,672,957)	\$ (166,335)
Finance cost	(795,221)	(1,317,143)
	-----	-----
Loss from operation before taxation	\$ (2,468,178)	\$ (1,483,478)
Taxation	21,712	6,678
	-----	-----
Net loss for the year	\$ (2,446,466)	\$ (1,476,800)
Other comprehensive income	-	-
	-----	-----
Total comprehensive expense for the year	\$ (2,446,466)	\$ (1,476,800)
	=====	=====

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)
for the YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

(Appendix I)

SITE EXPENSES

	<u>2020</u>	<u>2019</u>
Consultancy fee	\$ 170,477	\$ 437,355
Entertainment	82,020	64,169
Government levy fees	447,567	1,267,252
Insurance	1,511,131	612,308
Local travelling	24,006	246,171
Office supplies	45,578	6,558
Printing and stationery	50,172	50,306
Plant and equipment supplies, hire of machinery and consumable materials	321,989	251,877
Salaries and wages	18,086,482	24,986,373
MPF contributions	472,986	853,654
Safety expenses	51,255	518,997
Staff welfare	125,000	-
Subcontracting	84,621,295	66,148,537
Telecommunication	-	4,840
Transportation	8,483	16,778
Finance charge	722,463	-
Utilities	159	-
	-----	-----
	\$106,741,063	\$ 95,465,175
	=====	=====

(For management purpose only)

PROJEXASIA LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER, 2020
(Expressed in Hong Kong dollars)

(Appendix II)

OPERATING EXPENSES

	<u>2020</u>	<u>2019</u>
Auditor's remuneration	\$ 80,000	\$ 103,000
Depreciation	120,228	124,761
Directors' remuneration	2,190,542	1,229,269
Rental payments under operating leases	1,415,152	1,487,816
MPF contribution	163,107	187,995
Salaries and allowances	2,652,188	3,532,712
Tendering salaries	2,691,870	3,048,154
Bank charges	532,880	82,723
Building management fee and rate	242,273	232,659
Business registration fee	-	2,500
Cleaning	46,720	33,120
Donation	9,500	10,000
Entertainment	98,144	204,431
Insurance	313,922	457,924
Legal and professional fee	16,755	68,355
Local travelling	13,664	17,124
Loss on disposal of fixed assets	55,000	-
Consultancy Fee	57,000	184,690
Membership and subscription fees	97,108	124,303
Miscellaneous	16,933	23,281
Motor car expenses	84,086	85,206
Office supplies	88,420	36,428
Repair & maintenance	7,795	8,127
Postage and courier	16,999	13,140
Printing and stationery	185,413	151,573
Promotion fees and advertising	2,360	-
Recruitment expenses	138,130	213,810
Safety expenses	26,230	21,028
Staff welfare	2,000	14,750
Telecommunication	106,081	98,780
Tendering	22,971	108,946
Training	1,500	-
Utilities	10,955	29,321
Bad debts	1,971,363	-
	-----	-----
	\$ 13,477,289	\$ 11,935,926
	=====	=====

EXHIBIT B
MANAGEMENT ACCOUNTS

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.7.2021
(Expressed in Hong Kong dollars)

	<u>31.7.2021</u> <u>Company</u> <u>PXA</u>	<u>31.7.2021</u> <u>SPJV (estimate)</u> <u>50%</u>	<u>31.7.2021</u> <u>Intercompany</u> <u>eliminations</u>	<u>31.7.2021</u> <u>Consolidated</u> <u>Total</u>	<u>31.12.2020</u> <u>Consolidated</u> <u>Total</u>
Revenue	\$ 5,963,318	29,578,164	\$ (6,575,461)	\$ 28,966,022	\$ 165,978,628
Cost of Sales	(4,390,973)	(27,178,149)	6,575,461	(24,991,662)	\$ (167,345,660)
Gross Profit					
Other income	\$ 1,572,348	\$ 2,402,015	\$ -	\$ 3,974,363	\$ (1,387,032)
Administrative expenses	25,948	37,686	-	63,634	\$ 2,725,264
Finance costs	(6,215,968)	-	-	(6,215,968)	\$ (12,944,433)
	(311,152)	-	-	(311,152)	\$ (1,328,101)
Profit/(Loss) before tax	\$ (4,928,826)	\$ 2,439,701	\$ -	\$ (2,489,125)	\$ (12,914,302)
Income tax expense	-	(303,832)	-	\$ (303,832)	\$ 262,922
PROFIT/(LOSS) FOR THE PERIOD	\$ (4,928,826)	\$ 2,135,869	\$ -	\$ (2,792,957)	\$ (12,651,380)
Other comprehensive income	-	-	-	-	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (4,928,826)	\$ 2,135,869	\$ -	\$ (2,792,957)	\$ (12,651,380)

Remark 1

Remark:

- I. Adopted HKFRS16 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 8.5M profit based on SCL's forecast.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 31.7.2021

(Expressed in Hong Kong dollars)

	31.7.2021 Company PXA	31.7.2021 SPJV (estimate) 50%	31.7.2021 Intercompany eliminations	31.7.2021 Consolidated Total	31.12.2020 Consolidated Total
ASSETS					
Non-current assets					
Property, plant & equipment	\$ 23,188			\$ 23,188	\$ 38,622
Financial Asset	11,585,581			11,585,581	11,585,581
	<u>\$ 11,608,769</u>			<u>\$ 11,608,769</u>	<u>\$ 11,624,203</u>
Current assets					
Amount due from customers for contract work	\$ 17,687,697	36,203,591	(1,955,226)	\$ 51,936,061	\$ 35,610,692
Accounts receivable	6,371,730			6,371,730	5,745,228
Amount due from related companies	147,528	3,000,000	(1,500,000)	1,647,528	118,220
Amount due from Scenario-Projexasia JV	-			-	-
Deposits paid and prepayments	1,124,704	25,000		1,149,704	889,248
Tax recoverable	-			-	-
Amount due from directors	-			-	-
Cash and cash equivalents	(216,493)	463,033		246,540	12,446,541
	<u>\$ 26,115,164</u>			<u>\$ 61,351,561</u>	<u>\$ 54,809,929</u>
Total assets	<u>\$ 36,723,933</u>			<u>\$ 72,960,330</u>	<u>\$ 66,434,133</u>
Equity attributable to owners					
Share capital	\$ 4,200,000			\$ 4,200,000	\$ 4,200,000
Dividend paid	\$ -			-	(3,530,434)
Profit/Loss for the year	(4,928,826)	2,135,869		(2,792,957)	(12,651,380)
Retained earnings	1,137,978	597,699		1,735,677	17,917,690
Total equity	<u>\$ 409,153</u>			<u>\$ 3,142,920</u>	<u>\$ 5,935,877</u>
Non-current liabilities					
Deferred Tax	\$ -			\$ -	\$ -
Total non-current liabilities	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>
Current liabilities					
Amount due to customers for contract work	\$ 2,586,070			\$ 2,586,070	\$ 838,206
Accounts payable	13,713,099	36,040,571	(1,955,226)	47,798,443	31,927,635
Revolving Loan	7,000,000			7,000,000	4,000,000
Term loan	9,615,969			9,615,969	8,158,613
Clean Export loan	-			-	11,830,500
HSBC post shipment buyer loan and RFN	197,989			197,989	46,204
Other payable, accruals and deposit received	201,654			201,654	133,400
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000	2,950,245
Tax payable	-	917,205		917,285	813,453
Total current liabilities	<u>\$ 36,314,781</u>			<u>\$ 69,817,410</u>	<u>\$ 60,498,256</u>
Total liabilities	<u>\$ 36,314,781</u>			<u>\$ 69,817,410</u>	<u>\$ 60,498,256</u>
Total equity and liabilities	<u>\$ 36,723,933</u>	<u>\$ 0.50</u>	<u>\$ -</u>	<u>\$ 72,960,330</u>	<u>\$ 66,434,133</u>

(For management purpose only)

0.41

Check

(0.09)

(0.01)

For and on behalf of
Projexasia Limited

Steve Grant
Managing Director

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 30.6.2021
(Expressed in Hong Kong dollars)

	<u>30.6.2021</u>	<u>30.6.2021</u>	<u>30.6.2021</u>	<u>30.6.2021</u>	<u>31.12.2020</u>
	<u>Company</u>	<u>SPJV (estimate)</u>	<u>Intercompany</u>	<u>Consolidated</u>	<u>Mgmt ac</u>
	<u>PXA</u>	<u>50%</u>	<u>eliminations</u>	<u>Total</u>	<u>Total</u>
Revenue	\$ 2,842,425	\$ -	\$ (397,995)	\$ 2,444,430	\$ 170,056,792
Cost of Sales	\$ (3,048,897)	\$ -	\$ 397,995	\$ (2,650,701)	\$ (184,386,847)
Gross Profit	\$ (206,272)	\$ -	\$ -	\$ (206,272)	\$ 5,667,845
Other Income	\$ 18,134	\$ 12,500	\$ -	\$ 30,634	\$ 2,286,154
Administrative expenses	\$ (5,317,356)	\$ -	\$ -	\$ (5,317,356)	\$ (12,847,423)
Finance costs	\$ (285,678)	\$ -	\$ -	\$ (285,678)	\$ (938,595)
Profit/(Loss) before tax	\$ (5,791,171)	\$ 12,500	\$ -	\$ (5,778,671)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (5,791,171)	\$ 12,500	\$ -	\$ (5,778,671)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (5,791,171)	\$ 12,500	\$ -	\$ (5,778,671)	\$ (5,822,020)

Remark:

1. Adopted HKFRS 15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.9M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.
Consolidated Balance sheet
as at 30.6.2021
(Expressed in Hong Kong dollars)

ASSETS	30.6.2021 Company PXA	30.6.2021 SPJV (estimate) 50%	30.6.2021 Intercompany eliminations	30.6.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 7,509			\$ 7,509
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,688,209</u>			<u>\$ 11,688,209</u>
Current assets				
Amount due from customers for contract work	\$ 15,985,159	\$ 10,703,591	(1,935,378)	\$ 24,753,372
Accounts receivable	6,865,936			6,865,936
Amount due from related companies	143,771	3,000,000	(1,500,000)	1,643,771
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	944,340			944,340
Tax recoverable	-			-
Amount due from directors	-			-
Cash and cash equivalents	1,855,969	462,866		2,318,835
	<u>\$ 25,795,176</u>			<u>\$ 38,526,254</u>
Total assets	<u>\$ 37,483,385</u>			<u>\$ 48,214,463</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(5,791,171)	12,500		(5,778,671)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ (425,519)</u>			<u>\$ 6,986,565</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 3,170,773			\$ 3,170,773
Accounts payable	14,376,113	5,899,709	(1,935,378)	18,340,444
Revolving Loan	7,500,000			7,500,000
Term loan	9,736,888			9,736,888
Clean Export loan	-			-
HSBC post shipment buyer loan and RFN	66,989			66,989
Other payable, accruals and deposit received	36,429			36,429
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 37,887,192</u>			<u>\$ 41,206,186</u>
Total liabilities	<u>\$ 37,908,904</u>			<u>\$ 41,227,898</u>
Total equity and liabilities	<u>\$ 37,483,385</u>	\$ 0.00	\$ -	<u>\$ 48,214,463</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.5.2021
(Expressed in Hong Kong dollars)

	31.5.2021 Company PXA	31.5.2021 SPJV (estimate) 50%	31.5.2021 Intercompany eliminations	31.5.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 2,605,430	\$ -	\$ (374,981)	\$ 2,233,450	\$ 170,056,782
Cost of Sales	\$ (2,797,021)	\$ -	\$ 374,981	\$ (2,422,040)	\$ (184,388,947)
Gross Profit	\$ (188,500)	\$ -	\$ -	\$ (188,500)	\$ 5,667,845
Other Income	\$ 18,134	\$ -	\$ -	\$ 18,134	\$ 2,256,154
Administrative expenses	\$ (4,421,208)	\$ -	\$ -	\$ (4,421,208)	\$ (12,847,423)
Finance costs	\$ (249,879)	\$ -	\$ -	\$ (249,879)	\$ (838,595)
Profit/(Loss) before tax	\$ (4,841,541)	\$ -	\$ -	\$ (4,841,541)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (4,841,541)	\$ -	\$ -	\$ (4,841,541)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (4,841,541)	\$ -	\$ -	\$ (4,841,541)	\$ (5,822,020)

Remark:

1. Adopted HKFRS 15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.5% profit on the SPJV monthly report.

{For management purpose only}

Projexasia Ltd.
Consolidated Balance sheet
as at 31.5.2021
(Expressed in Hong Kong dollars)

ASSETS	31.5.2021 Company PXA	31.5.2021 SPJV (estimate) 50%	31.5.2021 Intercompany eliminations	31.5.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 15,002			\$ 15,002
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,695,702</u>			<u>\$ 11,695,702</u>
Current assets				
Amount due from customers for contract work	\$ 16,420,695	\$ 10,703,591	(1,912,364)	\$ 25,211,922
Accounts receivable	5,953,011			5,953,011
Amount due from related companies	143,771	3,000,000	(1,500,000)	1,643,771
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	919,340			919,340
Tax recoverable	-			-
Amount due from directors	(277,302)			(277,302)
Cash and cash equivalents	(60,623)	574,638		514,016
	<u>\$ 23,098,892</u>			<u>\$ 33,984,758</u>
Total assets	<u>\$ 34,794,595</u>			<u>\$ 45,660,460</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(4,841,541)			(4,841,541)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 524,111</u>			<u>\$ 7,923,695</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,254,255			\$ 1,254,255
Accounts payable	14,933,109	6,023,982	(1,912,364)	19,044,727
Revolving Loan	7,000,000			7,000,000
Term loan	7,827,627			7,827,627
Clean Export loan	-			-
HSBC post shipment buyer loan and RFN	66,989			66,989
Other payable, accruals and deposit received	166,792			166,792
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 34,248,772</u>			<u>\$ 37,715,053</u>
Total liabilities	<u>\$ 34,270,484</u>			<u>\$ 37,736,765</u>
Total equity and liabilities	<u>\$ 34,794,595</u>	\$ 0.00	\$ -	<u>\$ 45,660,460</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 30.4.2021
(Expressed in Hong Kong dollars)

	30.4.2021 Company PXA	30.4.2021 SPJV (estimate) 50%	30.4.2021 Intercompany eliminations	30.4.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 1,772,005	\$ -	\$ (339,198)	\$ 1,433,707	\$ 170,058,702
Cost of Sales	\$ (1,373,464)	\$ -	\$ 339,198	\$ (1,034,265)	\$ (164,388,947)
Gross Profit	\$ 398,441	\$ -	\$ -	\$ 398,441	\$ 5,667,845
Other Income	\$ 18,134	\$ -	\$ -	\$ 18,134	\$ 2,298,154
Administrative expenses	\$ (3,649,629)	\$ -	\$ -	\$ (3,649,629)	\$ (12,847,423)
Finance costs	\$ (218,634)	\$ -	\$ -	\$ (218,634)	\$ (939,585)
Profit/(Loss) before tax	\$ (3,450,687)	\$ -	\$ -	\$ (3,450,687)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (3,450,687)	\$ -	\$ -	\$ (3,450,687)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (3,450,687)	\$ -	\$ -	\$ (3,450,687)	\$ (5,822,020)

Remark:

1. Adopted HKFRS 15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.9M profit on the SPJV monthly report

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 30.4.2021

(Expressed in Hong Kong dollars)

ASSETS	30.4.2021 Company PXA	30.4.2021 SPJV (estimate) 50%	30.4.2021 Intercompany eliminations	30.4.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 23,464			\$ 23,464
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,704,164</u>			<u>\$ 11,704,164</u>
Current assets				
Amount due from customers for contract work	\$ 15,638,929	\$ 10,703,591	(1,876,581)	\$ 24,465,938
Accounts receivable	9,917,404			9,917,404
Amount due from related companies	143,771	3,000,000	(1,500,000)	1,643,771
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	752,690			752,690
Tax recoverable	-			-
Amount due from directors	26,929			26,929
Cash and cash equivalents	3,184,727	1,216,857		4,401,584
	<u>\$ 29,664,450</u>			<u>\$ 41,208,317</u>
Total assets	<u>\$ 41,368,614</u>			<u>\$ 52,912,481</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(3,450,687)			(3,450,687)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 1,914,965</u>			<u>\$ 9,314,549</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,152,664			\$ 1,152,664
Accounts payable	17,023,146	6,666,201	(1,876,581)	21,812,765
Revolving Loan	7,000,000			7,000,000
Term loan	7,898,949			7,898,949
Clean Export loan	2,430,500			2,430,500
HSBC post shipment buyer loan and RFN	754,289			754,289
Other payable, accruals and deposit received	172,389			172,389
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 39,431,937</u>			<u>\$ 43,676,220</u>
Total liabilities	<u>\$ 39,453,649</u>			<u>\$ 43,597,932</u>
Total equity and liabilities	<u>\$ 41,368,614</u>	\$ -	\$ -	<u>\$ 52,912,481</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.3.2021
(Expressed in Hong Kong dollars)

	31.3.2021 Company PXA	31.3.2021 SP JV (estimate) 50%	31.3.2021 Inter-company eliminations	31.3.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 1,155,303	\$ -	\$ (287,761)	\$ 867,542	\$ 170,066,792
Cost of Sales	\$ (788,981)	\$ -	\$ 287,761	\$ (501,220)	\$ (164,388,947)
Gross Profit	\$ 366,322	\$ -	\$ -	\$ 366,322	\$ 5,667,845
Other Income	\$ 15,553	\$ -	\$ -	\$ 15,553	\$ 2,296,154
Administrative expenses	\$ (2,777,542)	\$ -	\$ -	\$ (2,777,542)	\$ (12,847,423)
Finance costs	\$ (110,442)	\$ -	\$ -	\$ (110,442)	\$ (938,585)
Profit/(Loss) before tax	\$ (2,506,108)	\$ -	\$ -	\$ (2,506,108)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (2,506,108)	\$ -	\$ -	\$ (2,506,108)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (2,506,108)	\$ -	\$ -	\$ (2,506,108)	\$ (5,822,020)

Remark:

- Adopted HKFRS15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.8M profit on the SP JV monthly report.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 31.3.2021

(Expressed in Hong Kong dollars)

ASSETS	31.3.2021 Company PXA	31.3.2021 SPJV (estimate) 50%	31.3.2021 Intercompany eliminations	31.3.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 31,925			\$ 31,925
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,712,626</u>			<u>\$ 11,712,626</u>
Current assets				
Amount due from customers for contract work	\$ 19,337,400	\$ 10,703,591	(1,825,144)	\$ 28,215,847
Accounts receivable	6,533,710			6,533,710
Amount due from related companies	119,215	3,000,000	(1,500,000)	1,619,215
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	693,089			693,089
Tax recoverable	-			-
Amount due from directors	26,929			26,929
Cash and cash equivalents	9,375,205	1,226,886		10,602,091
	<u>\$ 36,085,548</u>			<u>\$ 47,690,882</u>
Total assets	<u>\$ 47,798,174</u>			<u>\$ 59,403,507</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(2,506,108)	-		(2,506,108)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 2,859,544</u>			<u>\$ 10,259,128</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,273,313			\$ 1,273,313
Accounts payable	17,835,682	6,676,230	(1,825,144)	22,686,768
Revolving Loan	7,000,000			7,000,000
Term loan	7,968,581			7,968,581
Clean Export loan	10,030,500			10,030,500
HSBC post shipment buyer loan and RFN	(2,363,511)			(2,363,511)
Other payable, accruals and deposit received	172,352			172,352
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 44,916,918</u>			<u>\$ 49,122,667</u>
Total liabilities	<u>\$ 44,938,630</u>			<u>\$ 49,144,379</u>
Total equity and liabilities	<u>\$ 47,798,174</u>	\$ -	\$ -	<u>\$ 59,403,507</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 28.2.2021
(Expressed in Hong Kong dollars)

	<u>28.2.2021</u>	<u>28.2.2021</u>	<u>28.2.2021</u>	<u>28.2.2021</u>	<u>31.12.2020</u>
	<u>Company</u>	<u>SPJV (estimate)</u>	<u>Intercompany</u>	<u>Consolidated</u>	<u>Mgmt a/c</u>
	<u>PXA</u>	<u>50%</u>	<u>eliminations</u>	<u>Total</u>	<u>Total</u>
Revenue	\$ 524,276	\$ -	\$ (201,522)	\$ 322,754	\$ 170,056,792
Cost of Sales	\$ (331,770)	\$ -	\$ 201,522	\$ (130,256)	\$ (164,308,947)
Gross Profit	\$ 192,496	\$ -	\$ -	\$ 192,496	\$ 5,667,845
Other Income	\$ 26,561	\$ -	\$ -	\$ 26,561	\$ 2,206,164
Administrative expenses	\$ (1,902,835)	\$ -	\$ -	\$ (1,902,835)	\$ (12,847,423)
Finance costs	\$ (41,530)	\$ -	\$ -	\$ (41,530)	\$ (530,595)
Profit/(Loss) before tax	\$ (1,725,308)	\$ -	\$ -	\$ (1,725,308)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (1,725,308)	\$ -	\$ -	\$ (1,725,308)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (1,725,308)	\$ -	\$ -	\$ (1,725,308)	\$ (5,822,020)

Remark:

1. Adopted HKFRS 15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.9M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 28.2.2021

(Expressed in Hong Kong dollars)

ASSETS	28.2.2021 Company PXA	28.2.2021 SPJV (estimate) 50%	28.2.2021 Intercompany eliminations	28.2.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 40,387			\$ 40,387
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,721,087</u>			<u>\$ 11,721,087</u>
Current assets				
Amount due from customers for contract work	\$ 19,667,031	\$ 10,703,591	(1,738,905)	\$ 28,631,717
Accounts receivable	9,719,484			9,719,484
Amount due from related companies	119,215	3,000,000	(1,500,000)	1,619,215
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	693,089			693,089
Tax recoverable	-			-
Amount due from directors	26,929			26,929
Cash and cash equivalents	11,744,522	1,260,064		13,004,586
	<u>\$ 41,970,270</u>			<u>\$ 53,695,020</u>
Total assets	<u>\$ 53,691,357</u>			<u>\$ 65,416,107</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(1,725,308)	-		(1,725,308)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 3,640,344</u>			<u>\$ 11,039,928</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,301,188			\$ 1,301,188
Accounts payable	19,622,215	6,709,407	(1,738,905)	24,592,717
Revolving Loan	7,000,000			7,000,000
Term loan	8,039,434			8,039,434
Clean Export loan	13,430,500			13,430,500
HSBC post shipment buyer loan and RFN	(2,409,715)			(2,409,715)
Other payable, accruals and deposit received	45,679			45,679
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,863		854,863
Total current liabilities	<u>\$ 50,029,301</u>			<u>\$ 54,354,466</u>
Total liabilities	<u>\$ 50,051,013</u>			<u>\$ 54,376,178</u>
Total equity and liabilities	<u>\$ 53,691,357</u>	\$ -	\$ -	<u>\$ 65,416,107</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.1.2021
(Expressed in Hong Kong dollars)

	31.1.2021 Company PXA	31.1.2021 SPJV (estimate) 50%	31.1.2021 Intercompany eliminations	31.1.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 312,932	\$ -	\$ (100,578)	\$ 203,354	\$ 170,056,702
Cost of Sales	\$ (123,919)	\$ -	\$ 100,578	\$ (14,341)	\$ (164,388,947)
Gross Profit	\$ 189,014	\$ -	\$ -	\$ 189,014	\$ 5,667,845
Other Income	\$ 3,253	\$ -	\$ -	\$ 3,253	\$ 2,206,184
Administrative expenses	\$ (899,239)	\$ -	\$ -	\$ (899,236)	\$ (12,847,423)
Finance costs	\$ (37,949)	\$ -	\$ -	\$ (37,949)	\$ (938,595)
Profit/(Loss) before tax	\$ (744,918)	\$ -	\$ -	\$ (744,918)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (744,918)	\$ -	\$ -	\$ (744,918)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (744,918)	\$ -	\$ -	\$ (744,918)	\$ (5,822,020)

Remark:

- I. Adopted HKFRS16 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.5M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 31.1.2021

(Expressed in Hong Kong dollars)

ASSETS	31.1.2021 Company PXA	31.1.2021 SPJV (estimate) 50%	31.1.2021 Intercompany eliminations	31.1.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 48,849			\$ 48,849
Financial Asset	11,880,700			11,880,700
	<u>\$ 11,729,549</u>			<u>\$ 11,729,549</u>
Current assets				
Amount due from customers for contract work	\$ 21,980,856	\$ 10,703,591	(2,217,976)	\$ 30,466,471
Accounts receivable	11,868,595			11,868,595
Amount due from related companies	114,465	3,000,000	(1,500,000)	1,614,465
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	704,525			704,525
Tax recoverable	-			-
Amount due from directors	-			-
Cash and cash equivalents	9,658,368	1,355,898		11,014,266
	<u>\$ 44,326,809</u>			<u>\$ 55,668,323</u>
Total assets	<u>\$ 56,056,359</u>			<u>\$ 67,397,872</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(744,918)	-		(744,918)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 4,620,734</u>			<u>\$ 12,020,318</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 816,843			\$ 816,843
Accounts payable	21,989,591	6,805,241	(2,217,976)	26,576,856
Revolving Loan	4,000,000			4,000,000
Term loan	8,082,365			8,082,365
Clean Export loan	13,430,500			13,430,500
HSBC post shipment buyer loan and RFN	46,204			46,204
Other payable, accruals and deposit received	48,410			48,410
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 51,413,912</u>			<u>\$ 55,355,841</u>
Total liabilities	<u>\$ 51,435,624</u>			<u>\$ 55,377,553</u>
Total equity and liabilities	<u>\$ 56,056,359</u>	\$ -	\$ -	<u>\$ 67,397,872</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.7.2021
(Expressed in Hong Kong dollars)

	<u>31.7.2021</u> <u>Company</u> <u>PXA</u>	<u>31.7.2021</u> <u>SPJV (estimate)</u> <u>50%</u>	<u>31.7.2021</u> <u>Intercompany</u> <u>eliminations</u>	<u>31.7.2021</u> <u>Consolidated</u> <u>Total</u>	<u>31.12.2020</u> <u>Consolidated</u> <u>Total</u>
Revenue	\$ 5,963,319	29,578,164	\$ (6,575,461)	\$ 28,966,022	\$ 165,970,629
Cost of Sales	(4,390,973)	(27,176,149)	6,575,461	(24,991,662)	\$ (187,345,660)
Gross Profit	\$ 1,572,346	\$ 2,402,015	\$ -	\$ 3,974,361	\$ (1,367,032)
Other income	25,948	37,686	-	63,634	\$ 2,725,264
Administrative expenses	(6,215,968)	-	-	(6,215,968)	\$ (12,944,433)
Finance costs	(311,152)	-	-	(311,152)	\$ (1,328,101)
Profit/(Loss) before tax	\$ (4,928,826)	\$ 2,439,701	\$ -	\$ (2,489,125)	\$ (12,814,302)
Income tax expense	-	(303,832)	-	\$ (303,832)	\$ 262,922
PROFIT/(LOSS) FOR THE PERIOD	\$ (4,928,826)	\$ 2,135,869	\$ -	\$ (2,792,957)	\$ (12,651,380)
Other comprehensive income	-	-	-	-	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (4,928,826)	\$ 2,135,869	\$ -	\$ (2,792,957)	\$ (12,651,380)

Remark 1

Remark:

1. Adopted HKFRS15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 8.5M profit based on SCL's forecast.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 31.7.2021

(Expressed in Hong Kong dollars)

ASSETS	31.7.2021 Company PXA	31.7.2021 SPJV (estimate) 50%	31.7.2021 Intercompany eliminations	31.7.2021 Consolidated Total	31.12.2020 Consolidated Total
Non-current assets					
Property, plant & equipment	\$ 23,188			\$ 23,188	\$ 38,622
Financial Asset	11,585,581			11,585,581	11,585,581
	<u>\$ 11,608,769</u>			<u>\$ 11,608,769</u>	<u>\$ 11,624,203</u>
Current assets					
Amount due from customers for contract work	\$ 17,887,697	36,203,591	(1,955,226)	\$ 51,936,061	\$ 35,610,692
Accounts receivable	6,371,730			6,371,730	5,745,228
Amount due from related companies	147,528	3,000,000	(1,500,000)	1,647,526	118,220
Amount due from Scenario-Projexasia JV	-			-	-
Deposits paid and prepayments	1,124,704	25,000		1,149,704	889,248
Tax recoverable	-			-	-
Amount due from directors	-			-	-
Cash and cash equivalents	(216,493)	463,033		246,540	12,446,541
	<u>\$ 23,115,164</u>			<u>\$ 61,351,561</u>	<u>\$ 54,809,929</u>
Total assets	<u>\$ 36,723,933</u>			<u>\$ 72,960,330</u>	<u>\$ 66,434,133</u>
Equity attributable to owners					
Share capital	\$ 4,200,000			\$ 4,200,000	\$ 4,200,000
Dividend paid	\$ -			-	(3,530,434)
Profit/Loss for the year	(4,928,826)	2,135,869		(2,792,957)	(12,651,360)
Retained earnings	1,137,978	597,899		1,735,877	17,917,690
Total equity	<u>\$ 409,153</u>			<u>\$ 3,142,920</u>	<u>\$ 5,935,877</u>
Non-current liabilities					
Deferred Tax	\$ -			\$ -	\$ -
Total non-current liabilities	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>
Current liabilities					
Amount due to customers for contract work	\$ 2,586,070			\$ 2,586,070	\$ 838,208
Accounts payable	13,713,099	36,040,571	(1,955,226)	47,708,443	31,927,635
Revolving Loan	7,000,000			7,000,000	4,000,000
Term loan	9,615,969			9,615,969	8,158,613
Clean Export loan	-			-	11,830,500
HSBC post shipment buyer loan and RFN	197,989			197,989	46,204
Other payable, accruals and deposit received	201,654			201,654	133,400
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000	2,950,245
Tax payable	-	917,285		917,285	613,453
Total current liabilities	<u>\$ 35,314,781</u>			<u>\$ 69,817,410</u>	<u>\$ 60,498,256</u>
Total liabilities	<u>\$ 36,314,781</u>			<u>\$ 69,817,410</u>	<u>\$ 60,498,256</u>
Total equity and liabilities	<u>\$ 36,723,933</u>	\$ 0.50	\$ -	<u>\$ 72,960,330</u>	<u>\$ 66,434,133</u>

(For management purpose only)

For and on behalf of
Projexasia Limited

Steve Grant
Managing Director

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 30.6.2021
(Expressed in Hong Kong dollars)

	30.6.2021	30.6.2021	30.6.2021	30.6.2021	31.12.2020
	Company	SPJV (estimate)	Intercompany	Consolidated	Mgmt a/c
	PXA	50%	eliminations	Total	Total
Revenue	\$ 2,942,425	\$ -	\$ (397,995)	\$ 2,444,430	\$ 170,056,792
Cost of Sales	\$ (3,045,697)	\$ -	\$ 397,995	\$ (2,650,701)	\$ (164,386,947)
Gross Profit	\$ (206,272)	\$ -	\$ -	\$ (206,272)	\$ 5,667,845
Other Income	\$ 18,134	\$ 12,500	\$ -	\$ 30,634	\$ 2,266,154
Administrative expenses	\$ (5,317,356)	\$ -	\$ -	\$ (5,317,356)	\$ (12,847,423)
Finance costs	\$ (285,678)	\$ -	\$ -	\$ (285,678)	\$ (938,595)
Profit/(Loss) before tax	\$ (5,791,171)	\$ 12,500	\$ -	\$ (5,778,671)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (5,791,171)	\$ 12,500	\$ -	\$ (5,778,671)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (5,791,171)	\$ 12,500	\$ -	\$ (5,778,671)	\$ (5,822,020)

Remark:

- Adopted HKFRS15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.9M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.
Consolidated Balance sheet
as at 30.6.2021
(Expressed in Hong Kong dollars)

ASSETS	30.6.2021 Company PXA	30.6.2021 SPJV (estimate) 50%	30.6.2021 Intercompany eliminations	30.6.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 7,509			\$ 7,509
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,688,209</u>			<u>\$ 11,688,209</u>
Current assets				
Amount due from customers for contract work	\$ 15,985,159	\$ 10,703,591	(1,935,378)	\$ 24,753,372
Accounts receivable	6,865,936			6,865,936
Amount due from related companies	143,771	3,000,000	(1,500,000)	1,643,771
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	944,340			944,340
Tax recoverable	-			-
Amount due from directors	-			-
Cash and cash equivalents	1,855,969	462,866		2,318,835
	<u>\$ 25,795,176</u>			<u>\$ 36,526,264</u>
Total assets	<u>\$ 37,483,385</u>			<u>\$ 48,214,463</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(5,791,171)	12,500		(5,778,671)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ (425,619)</u>			<u>\$ 6,986,565</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 3,170,773			\$ 3,170,773
Accounts payable	14,376,113	5,899,709	(1,935,378)	18,340,444
Revolving Loan	7,500,000			7,500,000
Term loan	9,736,888			9,736,888
Clean Export loan	-			-
HSBC post shipment buyer loan and RFN	66,989			66,989
Other payable, accruals and deposit received	36,429			36,429
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 37,887,192</u>			<u>\$ 41,206,186</u>
Total liabilities	<u>\$ 37,908,904</u>			<u>\$ 41,227,898</u>
Total equity and liabilities	<u>\$ 37,483,385</u>	\$ 0.00	\$ -	<u>\$ 48,214,463</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.5.2021
(Expressed in Hong Kong dollars)

	31.5.2021 Company PXA	31.5.2021 SPJV (estimate) 50%	31.5.2021 Intercompany eliminations	31.5.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 2,608,430	\$ -	\$ -	\$ 2,608,430	\$ 170,056,792
Cost of Sales	\$ (2,797,021)	\$ -	\$ (374,981)	\$ (2,422,040)	\$ (184,388,047)
Gross Profit	\$ (188,590)	\$ -	\$ -	\$ (188,590)	\$ 5,667,845
Other income	\$ 18,134	\$ -	\$ -	\$ 18,134	\$ 2,296,154
Administrative expenses	\$ (4,421,208)	\$ -	\$ -	\$ (4,421,208)	\$ (12,847,423)
Finance costs	\$ (249,870)	\$ -	\$ -	\$ (249,870)	\$ (938,565)
Profit/(Loss) before tax	\$ (4,841,541)	\$ -	\$ -	\$ (4,841,541)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (4,841,541)	\$ -	\$ -	\$ (4,841,541)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (4,841,541)	\$ -	\$ -	\$ (4,841,541)	\$ (5,822,020)

Remark:

1. Adopted HKFRS 15. In consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.5M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.
Consolidated Balance sheet
as at 31.5.2021
(Expressed in Hong Kong dollars)

ASSETS	31.5.2021 Company PXA	31.5.2021 SPJV (estimate) 50%	31.5.2021 Intercompany eliminations	31.5.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 15,002			\$ 15,002
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,695,702</u>			<u>\$ 11,695,702</u>
Current assets				
Amount due from customers for contract work	\$ 16,420,695	\$ 10,703,591	(1,912,364)	\$ 25,211,922
Accounts receivable	5,953,011			5,953,011
Amount due from related companies	143,771	3,000,000	(1,500,000)	1,643,771
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	919,340			919,340
Tax recoverable	-			-
Amount due from directors	(277,302)			(277,302)
Cash and cash equivalents	(60,623)	574,638		514,016
	<u>\$ 23,098,892</u>			<u>\$ 33,964,758</u>
Total assets	<u>\$ 34,794,595</u>			<u>\$ 45,660,460</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(4,841,541)	-		(4,841,541)
Retained earnings	4,696,088	7,399,584		12,095,670
Total equity	<u>\$ 524,111</u>			<u>\$ 7,923,695</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,254,255			\$ 1,254,255
Accounts payable	14,933,109	6,023,982	(1,912,364)	19,044,727
Revolving Loan	7,000,000			7,000,000
Term loan	7,827,627			7,827,627
Clean Export loan	-			-
HSBC post shipment buyer loan and RFN	66,989			66,989
Other payable, accruals and deposit received	166,792			166,792
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 34,248,772</u>			<u>\$ 37,715,053</u>
Total liabilities	<u>\$ 34,270,484</u>			<u>\$ 37,736,765</u>
Total equity and liabilities	<u>\$ 34,794,595</u>	\$ 0.00	\$ -	<u>\$ 45,660,460</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 30.4.2021
(Expressed in Hong Kong dollars)

	30.4.2021 Company FXA	30.4.2021 SPJV (estimate) 50%	30.4.2021 Intercompany eliminations	30.4.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 1,772,005	\$ -	\$ -	\$ 1,772,005	\$ 1,772,005
Cost of Sales	\$ (1,373,464)	\$ -	\$ (339,108)	\$ (1,712,572)	\$ (1,712,572)
Gross Profit	\$ 398,541	\$ -	\$ -	\$ 398,541	\$ 398,541
Other Income	\$ 18,134	\$ -	\$ -	\$ 18,134	\$ 18,134
Administrative expenses	\$ (3,649,629)	\$ -	\$ -	\$ (3,649,629)	\$ (3,649,629)
Finance costs	\$ (218,634)	\$ -	\$ -	\$ (218,634)	\$ (218,634)
Profit/(Loss) before tax	\$ (3,450,687)	\$ -	\$ -	\$ (3,450,687)	\$ (3,450,687)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (3,450,687)	\$ -	\$ -	\$ (3,450,687)	\$ (3,450,687)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (3,450,687)	\$ -	\$ -	\$ (3,450,687)	\$ (3,450,687)

Remark:

- Adopted HKFRS15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.8M profit on the SPJV monthly report

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 30.4.2021

(Expressed in Hong Kong dollars)

ASSETS	30.4.2021 Company PXA	30.4.2021 SPJV (estimate) 50%	30.4.2021 Intercompany eliminations	30.4.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 23,464			\$ 23,464
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,704,164</u>			<u>\$ 11,704,164</u>
Current assets				
Amount due from customers for contract work	\$ 15,638,929	\$ 10,703,591	(1,876,581)	\$ 24,465,938
Accounts receivable	9,917,404			9,917,404
Amount due from related companies	143,771	3,000,000	(1,500,000)	1,643,771
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	752,690			752,690
Tax recoverable	-			-
Amount due from directors	26,929			26,929
Cash and cash equivalents	3,184,727	1,216,857		4,401,584
	<u>\$ 29,664,450</u>			<u>\$ 41,208,317</u>
Total assets	<u>\$ 41,368,614</u>			<u>\$ 52,912,481</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(3,450,687)	-		(3,450,687)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 1,914,965</u>			<u>\$ 9,314,549</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,152,664			\$ 1,152,664
Accounts payable	17,023,146	6,666,201	(1,876,581)	21,812,765
Revolving Loan	7,000,000			7,000,000
Term loan	7,898,949			7,898,949
Clean Export loan	2,430,500			2,430,500
HSBC post shipment buyer loan and RFN	754,289			754,289
Other payable, accruals and deposit received	172,389			172,389
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,683		854,683
Total current liabilities	<u>\$ 39,431,937</u>			<u>\$ 43,576,220</u>
Total liabilities	<u>\$ 39,453,649</u>			<u>\$ 43,597,932</u>
Total equity and liabilities	<u>\$ 41,368,614</u>	\$ -	\$ -	<u>\$ 52,912,481</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.3.2021
(Expressed in Hong Kong dollars)

	31.3.2021 Company PXA	31.3.2021 SPJV (estimate) 50%	31.3.2021 Intercompany eliminations	31.3.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 1,155,303	\$ -	\$ (287,761)	\$ 867,542	\$ 170,056,792
Cost of Sales	\$ (788,081)	\$ -	\$ 287,761	\$ (501,220)	\$ (164,308,047)
Gross Profit	\$ 366,322	\$ -	\$ -	\$ 366,322	\$ 5,667,845
Other Income	\$ 15,553	\$ -	\$ -	\$ 15,553	\$ 2,266,154
Administrative expenses	\$ (2,777,542)	\$ -	\$ -	\$ (2,777,542)	\$ (12,847,423)
Finance costs	\$ (110,442)	\$ -	\$ -	\$ (110,442)	\$ (938,595)
Profit/(Loss) before tax	\$ (2,506,108)	\$ -	\$ -	\$ (2,506,108)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (2,506,108)	\$ -	\$ -	\$ (2,506,108)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (2,506,108)	\$ -	\$ -	\$ (2,506,108)	\$ (5,822,020)

Remark:

1. Adopted HKFRS16 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.5M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 31.3.2021

(Expressed in Hong Kong dollars)

ASSETS	31.3.2021 Company PXA	31.3.2021 SPJV (estimate) 50%	31.3.2021 Intercompany eliminations	31.3.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 31,925			\$ 31,925
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,712,626</u>			<u>\$ 11,712,626</u>
Current assets				
Amount due from customers for contract work	\$ 19,337,400	\$ 10,703,591	(1,825,144)	\$ 28,215,847
Accounts receivable	6,533,710			6,533,710
Amount due from related companies	119,215	3,000,000	(1,500,000)	1,619,215
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	693,089			693,089
Tax recoverable	-			-
Amount due from directors	26,929			26,929
Cash and cash equivalents	9,375,205	1,226,886		10,602,091
	<u>\$ 36,085,548</u>			<u>\$ 47,690,882</u>
Total assets	<u>\$ 47,798,174</u>			<u>\$ 59,403,507</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(2,506,108)	-		(2,506,108)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 2,859,544</u>			<u>\$ 10,259,128</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,273,313			\$ 1,273,313
Accounts payable	17,835,682	6,676,230	(1,825,144)	22,686,768
Revolving Loan	7,000,000			7,000,000
Term loan	7,968,581			7,968,581
Clean Export loan	10,030,500			10,030,500
HSBC post shipment buyer loan and RFN	(2,363,511)			(2,363,511)
Other payable, accruals and deposit received	172,352			172,352
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 44,916,918</u>			<u>\$ 49,122,667</u>
Total liabilities	<u>\$ 44,938,630</u>			<u>\$ 49,144,379</u>
Total equity and liabilities	<u>\$ 47,798,174</u>	\$ -	\$ -	<u>\$ 59,403,507</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 28.2.2021
(Expressed in Hong Kong dollars)

	<u>28.2.2021</u> <u>Company</u> <u>PXA</u>	<u>28.2.2021</u> <u>SPJV (estimate)</u> <u>50%</u>	<u>28.2.2021</u> <u>Inter-company</u> <u>eliminations</u>	<u>28.2.2021</u> <u>Consolidated</u> <u>Total</u>	<u>31.12.2020</u> <u>Mgmt a/c</u> <u>Total</u>
Revenue	\$ 524,276	\$ -	\$ (201,522)	\$ 322,754	\$ 170,056,792
Cost of Sales	\$ (331,778)	\$ -	\$ 201,522	\$ (130,256)	\$ (154,388,947)
Gross Profit	\$ 192,498	\$ -	\$ -	\$ 192,498	\$ 5,607,845
Other income	\$ 26,561	\$ -	\$ -	\$ 26,561	\$ 2,206,154
Administrative expenses	\$ (1,902,835)	\$ -	\$ -	\$ (1,902,835)	\$ (12,847,423)
Finance costs	\$ (41,530)	\$ -	\$ -	\$ (41,530)	\$ (938,595)
Profit/(Loss) before tax	\$ (1,725,308)	\$ -	\$ -	\$ (1,725,308)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (1,725,308)	\$ -	\$ -	\$ (1,725,308)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (1,725,308)	\$ -	\$ -	\$ (1,725,308)	\$ (5,822,020)

Remark:

1. Adopted HKFRS 15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.9M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 28.2.2021

(Expressed in Hong Kong dollars)

ASSETS	<u>28.2.2021</u> <u>Company</u> <u>PXA</u>	<u>28.2.2021</u> <u>SPJV (estimate)</u> <u>50%</u>	<u>28.2.2021</u> <u>Intercompany</u> <u>eliminations</u>	<u>28.2.2021</u> <u>Consolidated</u> <u>Total</u>
Non-current assets				
Property, plant & equipment	\$ 40,387			\$ 40,387
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,721,087</u>			<u>\$ 11,721,087</u>
Current assets				
Amount due from customers for contract work	\$ 19,667,031	\$ 10,703,591	(1,738,905)	\$ 28,631,717
Accounts receivable	9,719,484			9,719,484
Amount due from related companies	119,215	3,000,000	(1,500,000)	1,619,215
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	693,089			693,089
Tax recoverable	-			-
Amount due from directors	26,929			26,929
Cash and cash equivalents	11,744,522	1,260,084		13,004,586
	<u>\$ 41,970,270</u>			<u>\$ 53,695,020</u>
Total assets	<u>\$ 53,691,357</u>			<u>\$ 65,416,107</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(1,725,308)	-		(1,725,308)
Retained earnings	4,696,086	7,399,584		12,095,670
Total equity	<u>\$ 3,640,344</u>			<u>\$ 11,039,929</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 1,301,188			\$ 1,301,188
Accounts payable	19,622,215	6,709,407	(1,738,905)	24,592,717
Revolving Loan	7,000,000			7,000,000
Term loan	8,039,434			8,039,434
Clean Export loan	13,430,500			13,430,500
HSBC post shipment buyer loan and RFN	(2,409,715)			(2,409,715)
Other payable, accruals and deposit received	45,679			45,679
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 50,029,301</u>			<u>\$ 54,354,466</u>
Total liabilities	<u>\$ 50,051,013</u>			<u>\$ 54,376,178</u>
Total equity and liabilities	<u>\$ 53,691,357</u>	\$ -	\$ -	<u>\$ 65,416,107</u>

(For management purpose only)

Projexasia Ltd.
Consolidated Statement of Comprehensive Income
for the period ended 31.1.2021
(Expressed in Hong Kong dollars)

	31.1.2021 Company PKA	31.1.2021 SPJV (estimate) 50%	31.1.2021 Intercompany eliminations	31.1.2021 Consolidated Total	31.12.2020 Mgmt a/c Total
Revenue	\$ 312,932	\$ -	\$ (109,578)	\$ 203,354	\$ 170,056,792
Cost of Sales	\$ (123,919)	\$ -	\$ 109,578	\$ (14,341)	\$ (164,368,947)
Gross Profit	\$ 189,014	\$ -	\$ -	\$ 189,014	\$ 5,687,845
Other Income	\$ 3,253	\$ -	\$ -	\$ 3,253	\$ 2,296,164
Administrative expenses	\$ (898,236)	\$ -	\$ -	\$ (898,236)	\$ (12,847,423)
Finance costs	\$ (37,949)	\$ -	\$ -	\$ (37,949)	\$ (938,595)
Profit/(Loss) before tax	\$ (744,918)	\$ -	\$ -	\$ (744,918)	\$ (5,822,020)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT/(LOSS) FOR THE PERIOD	\$ (744,918)	\$ -	\$ -	\$ (744,918)	\$ (5,822,020)
Other comprehensive income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (744,918)	\$ -	\$ -	\$ (744,918)	\$ (5,822,020)

Remark:

- Adopted HKFRS 15 in consolidation, recognise the revenue based on the milestone payment/contract sum as % of completion over the 17.6M profit on the SPJV monthly report.

(For management purpose only)

Projexasia Ltd.

Consolidated Balance sheet

as at 31.1.2021

(Expressed in Hong Kong dollars)

ASSETS	31.1.2021 Company PXA	31.1.2021 SPJV (estimate) 50%	31.1.2021 Intercompany eliminations	31.1.2021 Consolidated Total
Non-current assets				
Property, plant & equipment	\$ 48,849			\$ 48,849
Financial Asset	11,680,700			11,680,700
	<u>\$ 11,729,549</u>			<u>\$ 11,729,549</u>
Current assets				
Amount due from customers for contract work	\$ 21,980,856	\$ 10,703,591	(2,217,976)	\$ 30,466,471
Accounts receivable	11,868,595			11,868,595
Amount due from related companies	114,465	3,000,000	(1,500,000)	1,614,465
Amount due from Scenario-Projexasia JV	-			-
Deposits paid and prepayments	704,525			704,525
Tax recoverable	-			-
Amount due from directors	-			-
Cash and cash equivalents	9,658,368	1,355,898		11,014,266
	<u>\$ 44,326,809</u>			<u>\$ 55,668,323</u>
Total assets	<u>\$ 56,056,359</u>			<u>\$ 67,397,872</u>
Equity attributable to owners				
Share capital	\$ 4,200,000			\$ 4,200,000
Dividend paid	\$ (3,530,434)			(3,530,434)
Profit/Loss for the year	(744,918)	-		(744,918)
Retained earnings	4,696,086	7,399,504		12,095,670
Total equity	<u>\$ 4,620,734</u>			<u>\$ 12,020,318</u>
Non-current liabilities				
Deferred Tax	\$ 21,712			\$ 21,712
Total non-current liabilities	<u>\$ 21,712</u>			<u>\$ 21,712</u>
Current liabilities				
Amount due to customers for contract work	\$ 816,843			\$ 816,843
Accounts payable	21,989,591	6,805,241	(2,217,976)	26,576,856
Revolving Loan	4,000,000			4,000,000
Term loan	8,082,365			8,082,365
Clean Export loan	13,430,500			13,430,500
HSBC post shipment buyer loan and RFN	46,204			46,204
Other payable, accruals and deposit received	48,410			48,410
Amount due to SPJV	3,000,000		(1,500,000)	1,500,000
Tax payable	-	854,663		854,663
Total current liabilities	<u>\$ 51,413,912</u>			<u>\$ 55,355,841</u>
Total liabilities	<u>\$ 51,435,624</u>			<u>\$ 55,377,553</u>
Total equity and liabilities	<u>\$ 56,056,359</u>	\$ -	\$ -	<u>\$ 67,397,872</u>

(For management purpose only)