

2nd January, 2014

EPRO LOGIC LIMITED

AND

EPRO TECHSOFT LIMITED

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SOFTWARE OEM DISTRIBUTORSHIP AGREEMENT

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THIS AGREEMENT is dated the 2nd day of January, 2014

BETWEEN

- (1) **EPRO LOGIC LIMITED**, a company incorporated in Hong Kong and having its registered office at Room 601-603, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Hong Kong (“**ELL**”); and
- (2) **EPRO TECHSOFT LIMITED**, a company incorporated in Hong Kong and having its registered office at Room 601-603, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Hong Kong (“**ETL**”).

WHEREAS:-

- (A) ELL and ETL agree to jointly market and develop the Product solely for the OEM distributorship by ETL and for the purpose of this Agreement;
- (B) ELL and ETL have agreed that ETL shall be appointed, and continue until terminated, as ELL's OEM distributor for the sale of the Product in the Territory commencing on the Effective Date upon and subject to the terms and conditions hereinafter appearing.

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, the following words shall have the meanings set out opposite them respectively below as follows:

“Effective Date”	the date of this Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Intellectual Property”	any and all proprietary information, technical data, inventions, original works of authorship, developments, concepts, know-how, processes, formulae, software, hardware configuration

information, engineering, improvements, patents, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which ELL may conceive or develop or reduce to practice, cause to be conceived or developed or reduced to practice, all being subsisting in, in relation to or incidental to the Product

“Macau” the Macau Special Administrative Region of the People’s Republic of China

“Product” the WISE-xb System or any such name as may be agreed by both parties

“Territory” Hong Kong, Macau and the People’s Republic of China

1.2 “Holding company”, “subsidiary” and “associated company” shall have the meanings defined in Section 2 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) provided that overseas companies shall also be included on a mutatis mutandis basis.

1.3 Unless the context otherwise requires, word importing the singular only shall include the plural and vice versa; words importing natural persons shall include corporations and unincorporated associations; and words importing the masculine gender only shall include the feminine gender and the neuter gender.

1.4 References to Clauses are to Clauses of this Agreement.

1.5 Clause headings are inserted for convenience only and shall be ignored in the interpretation of this Agreement.

2. DISTRBUTORSHIP

2.1 ELL hereby appoints ETL as ELL’s OEM distributor to sell and distribute the perpetual licence to use the Product in the Territory, and ETL hereby accepts such appointment to sell and distribute the perpetual licence to use the Product in the Territory. The implementation, modification, enhancement and/or development of the Product shall be performed jointly by

ETL and ELL. ETL undertakes to use its best endeavors to promote the sales of the Product and ELL's services relating to modification and enhancement of the Product and software implementation.

- 2.2 ETL shall be entitled to, during the period of this Agreement supply the Product to customers in the Territory through ETL itself or its subsidiaries or associated companies or other parties directly or indirectly controlled by ETL.
- 2.3 The appointment hereunder of ETL as an OEM distributor of the Product in the Territory shall become effective and shall be deemed for all purposes to have become effective as from the Effective Date.
- 2.4 The appointment hereunder of ETL as an OEM distributor of the Product in the Territory shall in no way constitute, or be deemed to constitute, a partnership or a joint venture between the parties hereto.
- 2.5 ETL shall obtain at, its own costs and expenses, all authorizations, approvals, permission, licenses or consents required from any governmental or other authority or any person in the Territory for or in connection with the importation, distribution, marketing and sales of the Product in the Territory.

3. TERM

- 3.1 The term of this Agreement shall commence on the Effective Date and, unless terminated in accordance to Clause 17 as set forth in this Agreement, shall remain in full force and effect until 31 December 2015.

4. MARKETING OF PRODUCT

- 4.1 ETL shall use its best endeavors to promote the sale of the Product throughout the Territory.
- 4.2 ETL shall sell the Product to customers at such suggested list prices as may be determined by ETL and ELL from time to time.
- 4.3 In connection with the promotion and marketing of the Product, ETL shall:
 - 4.3.1 comply with all legal requirements from time to time in force relating to the importation, marketing, distribution and sale of the Product in the Territory;

- 4.3.2 provide ELL upon request with a report, in such form as ELL may require, of sales of the Product in the Territory which it has made and contain such other information as ELL may require;
- 4.3.3 keep complete and accurate accounts and records in relation to the marketing and sales of the Product;
- 4.3.4 from time to time consult with ELL's representatives for the purpose of assessing the status of the markets in the Territory and permit them to inspect any premises or documents used or kept by ETL in connection with the distribution of the Product;
- 4.3.5 use in relation to the Product only such advertising, promotional and selling materials as are approved in writing by ELL; and
- 4.3.6 maintain an active and suitably trained sales force; and such training shall be provided by ELL from time to time at no charge to ETL.

5. INTELLECTUAL PROPERTY

- 5.1 ETL acknowledges that ELL is the exclusive proprietor of the Intellectual Property and that ETL shall not at any time during the continuance of this Agreement do or cause to be done any act or thing directly or indirectly impairing or tending to impair or invalidate ELL's right, title, benefit or interest in the Intellectual Property.
- 5.2 ETL shall not alter, remove or tamper with any trade marks of ELL in relation to the Product, numbers, or other means of identification used on or in relation to the Product without obtaining the prior written consent of ELL.
- 5.3 ETL shall have no rights in respect of any trade marks or trade names used by ELL in relation to the Product or of the goodwill associated therewith.
- 5.4 ETL shall, at the expense of ELL, take all such steps as ELL may require to assist ELL in maintaining the validity and enforceability of all or any of the Intellectual Property rights of ELL.

6. INTELLECTUAL PROPERTY RIGHTS TRANSFER

- 6.1 Should ELL enter into an agreement with any third party with respect to or relating to the transfer or other disposition, or the proposed transfer or other disposition, of control of ELL (including, without limitation, a transfer or proposed transfer of all or substantially all of the assets of ELL), or a merger of, or a substantial investment in, ELL, ELL agrees to transfer the Intellectual Property rights of the Product and its namesake to ETL at a price to be agreed upon prior to be agreed upon prior to the transfer, and ETL shall also have the right to modify the licensed technology and sub license the rights granted to ETL to third parties.

7. ACCOUNTS

- 7.1 In connection with the marketing and distribution of the Product in the Territory, ETL agrees:

7.1.1 to keep accurate and separate records and accounts in respect of the supply of the Product by ELL to ETL;

7.1.2 to keep the said records and accounts for not less than 7 years; and

7.1.3 to allow ELL and/or its employees, agents and authorized persons to inspect the said records and accounts within reasonable time when ELL requests.

8. PASSING ON TITLE

- 8.1 Notwithstanding that risk in the Product shall pass to ETL upon delivery, full legal and equitable title and interest in all and any Product shall remain in ELL and shall not pass to ETL until ELL shall have received payment in full of all amounts due and owing to ELL for the time being and from time to time in respect of all such Product supplied by ELL at any time.

9. LICENCE FEES

- 9.1 ETL shall be entitled to receive **50%** of the amount of the sales of the perpetual licences to use the Product and the licence fees in respect of the Product payable by ETL to ELL are **50%** of the amount of the sales of the perpetual licences to use the Product.

- 9.2 The annual cap amount of the licence fees in respect of the Product payable by ETL to ELL for the period from 2 January 2014 to 31 December 2014 and for the year ending 31 December 2015 are HK\$1.0 million and HK\$1.0 million respectively.

10. PAYMENT TERMS

- 10.1 All payments required to be made to ELL pursuant to this Agreement must be made within fourteen (14) days after such due date as may be specified by ELL in the relevant invoice or demand note. Payment made after fourteen (14) days from the due date shall be subject to a 2% per month interest which shall in no event exceed the maximum rate permitted by law.
- 10.2 ELL shall, without prejudice to another right or remedy it may have, have the right to withhold the provision of any service or delivery of the Product covered by this Agreement or any other existing order or contract between ELL and ETL in the event that ETL fails to make payment when due under this Agreement or any other agreement between ETL and ELL.

11. CONFIDENTIALITY

- 11.1 Except as provided by Clauses 11.2 and 11.3 below, ETL shall at all times during the continuance of its appointment and after its termination:
- 11.1.1 keep all information which is disclosed to ETL by ELL pursuant to or in connection with ETL's appointment as distributor for the Product (the "Restricted Information") confidential and not disclose any Restricted Information to any other person; and
- 11.1.2 not use any Restricted Information for any purpose other than the performance of the obligations under this Agreement.
- 11.2 Any Restricted Information may be disclosed by ETL to:
- 11.2.1 any customers or prospective customers of the Product;
- 11.2.2 any governmental or other authority or regulatory body; or
- 11.2.3 any employees of ETL,
- to such extent only as is necessary for the purposes contemplated by this Agreement, or as is required by law and subject in each case to ETL using its best endeavors to ensure that the person in question keeps the same confidential and does not use the same except for the legitimate purposes for which the disclosure is made.

11.3 Any Restricted Information may be used by ETL for any purpose, or disclosed by ETL to any other person, to the extent only that:

11.3.1 it is, as at the date hereof, or hereafter becomes, public knowledge through no fault of ETL (provided that in doing so ETL shall not disclose any Restricted Information which is not public knowledge); or

11.3.2 it can be shown by ETL, to the reasonable satisfaction of ELL, to have been known to it prior to its being disclosed by ELL to ETL.

12. NO LIMITATION ON CONDUCTING BUSINESS

12.1 Except as otherwise provided herein, this Agreement does not preclude ELL from conducting its licensing and services business in the ordinary course.

13. INDEMNITY

13.1 ETL shall fully indemnify and keep ELL indemnified from and against any and all loss damage or liability (whether criminal or civil) suffered and legal fees and costs incurred by ELL resulting from a breach of this Agreement by ETL including but without limitation to:

13.1.1 any act, neglect, omission or default of ETL or its agents, employees, servants, licensees, or customers;

13.1.2 any wrong or improper use or infringement of the Intellectual Property; and

13.1.3 any failure of ETL in obtaining the authorizations, approvals, permission, licenses or consents required from any governmental or other authority or any person in the Territory for or in connection with the importation, distribution, marketing and sales of the Product in the Territory pursuant to Clause 2.5.

14. WARRANTIES ON THE PRODUCT

14.1 ELL warrants to ETL that the Product to be sold and delivered to ETL will correspond in all material respects with the quality, merchantability, conditions, fitness, sufficiency or suitability for the purposes as specified by ELL from time to time. If a sample of the Product has been exhibited to or inspected by ETL, ELL undertakes that the Product will

correspond in all material respects with the said sample.

15. ARRIVAL OF PRODUCT

15.1 ELL undertakes to deliver the Product in the manner as ordered by ETL at the agreed prices and terms.

16. SUCCESSORS AND ASSIGNS

16.1 This Agreement shall be binding on the parties and their respective successors and shall ensure for the benefit of their respective successors and assigns.

17. TERMINATION

17.1 Subject to Clause 17.2, this Agreement may be terminated by any party giving not less than three (3) months' prior notice in writing to the other party.

17.2 Either ELL or ETL shall be entitled forthwith to terminate the appointment herein by written notice to the other if:

17.2.1 that other party commits any breach of any of the terms of appointment and, in the case of a breach capable of remedy, fails to remedy the same within 30 days after receipt of a written notice giving full particulars of the breach and requiring it to be remedied;

17.2.2 a receiver is appointed over any of the property or assets of that other party;

17.2.3 that other party makes any voluntary arrangement with its creditors or goes into liquidation (except for the purposes of amalgamation or reconstruction); or

17.2.4 that other party ceases, or threatens to cease, to carry on business.

17.3 For the purposes of Clause 17.2.1, a breach shall be considered capable of remedy if the party in breach can comply with the provision in question in all respects other than as to the time of performance (provided that time of performance is not of the essence).

17.4 The rights to terminate the appointment given by this Clause shall be without prejudice to any other right or remedy of either party in respect of the breach concerned (if any) or any

other breach.

18. EFFECT OF TERMINATION

18.1 The expiration or termination of this Agreement for whatever cause shall be without prejudice to any pre-existing rights and obligations of the parties as between each other whether hereunder or in respect of any order for the Product already placed by ETL with ELL.

18.2 Notwithstanding the expiration or termination of ETL's appointment under this Agreement for whatever cause, any provision of this Agreement capable of being performed or observed after the date of such expiration or termination shall survive the same and shall continue to be binding on the parties and in full force and effect.

19. NOTICES

19.1 Every notice, request, demand, order or other communication under this Agreement shall be in writing, but may be given or made by email, letter, telex, telegram or cable.

19.2 Every notice, request, demand, order or other communication shall be sent, in the case of an email, letter, telegram or cable, to the other party at its address given above, or such other address of which the other party may have previously given notice, and, in the case of fax or a telex message, to any telex number which is published as belonging to the office of the other party at the address given above, or such other address as aforesaid.

19.3 Every notice, request, demand, order or other communication shall, except so far as otherwise expressly provided by this Agreement, be deemed to have been received in the case of an email, cable, telegram, fax or telex at the time of dispatch thereof (provided that the date of dispatch is not a Sunday or public holiday in Hong Kong) and, in the case of a letter, on the expiry of seventy-two (72) hours after the same is put into the post.

20. NON-WAIVER

20.1 No failure or delay on the part of either party to exercise any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by either party of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided therein are cumulative and are not exclusive of any rights, powers or remedies

provided by law.

21. SEVERABILITY

- 21.1 In the event that any Clause contained in this Agreement or any part thereof is declared or otherwise becomes invalid or unenforceable by a law or regulation promulgated in the Territory or elsewhere or a final judgment (by consent or otherwise) of a court of competent jurisdiction from whose decision no appeal is or can be taken, the illegal or unenforceable Clause shall be deemed deleted from this Agreement and no longer incorporated herein but all other Clauses or parts thereof contained in this Agreement shall remain in full force and effect and shall not be affected thereby for the term of this Agreement.

22. AMENDMENTS

- 22.1 This Agreement contains and represents the entire agreement and understanding between ELL and ETL relating to the distribution of the Product in the Territory and with effect from the Effective Date supersedes all previous agreements or arrangements whether written or oral between ELL and ETL relating to the same subject matter which shall cease and determine with effect from the Effective Date. This Agreement may not be amended or modified except by written instrument signed by each of the parties hereto.

23. COUNTERPARTS

- 23.1 This Agreement may be executed in any number of counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

24. LAW AND JURISDICTION

- 24.1 This Agreement shall be governed and construed in all respects in accordance with the laws of Hong Kong and the parties hereto submit to the non-exclusive jurisdiction of the Hong Kong courts. Notwithstanding the foregoing, it shall be open to the parties to enforce this Agreement in the courts of any other competent jurisdiction.

Software OEM Distributorship Agreement