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27 March 2018

To ASX Markets Announcements Office

By fax: 1300 135 638

Dear Markets Announcements Office

Form 603: Notice of initial substantial holder

We act for KUKA Investment and Management Co., Limited (**KUKA**).

On behalf of KUKA, we attach a Form 603: Notice of initial substantial holder of 26 pages.

Please contact me if you have any questions.

Yours sincerely



Will Heath | Partner

King & Wood Mallesons

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will.heath@au.kwm.com

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**

To Company Name/Scheme

NICK SCALI LIMITED

ACN/ARSN

000 403 896

1. Details of substantial holder (1)

Name

KUKA Investment and Management Co., Limited (顾家投资管理有限公司) ("KUKA"), other relevant interest holders (via control) listed in Table 1 of Annexure A ("KUKA Controllers") and KUKA's other associates listed in Table 2 of Annexure A ("KUKA Associates", together with KUKA and KUKA Controllers, the "KUKA Group")

ACN/ARSN (if applicable)

N/A

The holder became a substantial holder on

27 / 03 / 2018

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

| Class of securities (4) | Number of securities | Person's votes (5) | Voting power (6) |
|-------------------------|----------------------|--------------------|------------------|
| Ordinary shares | 11,039,473 | 11,039,473 | 13.63% |
| | | | |

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

| Holder of relevant interest | Nature of relevant interest (7) | Class and number of securities |
|-----------------------------|---|--------------------------------|
| KUKA and KUKA Controllers | Relevant interest held under section 608(8) of the Corporations Act 2001 (Cth) pursuant to the Share Purchase Agreement attached as Annexure B. | 11,039,473 ordinary shares |

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (8) | Class and number of securities |
|-----------------------------|--|--|--------------------------------|
| KUKA and KUKA Controllers | Scali Consolidated Pty Ltd (ACN 002 410 559) | KUKA Investment and Management Co., Limited | 11,039,473 ordinary shares |

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of relevant interest | Date of acquisition | Consideration (9) | | Class and number of securities |
|-----------------------------|---------------------|-------------------|----------|--------------------------------|
| | | Cash | Non-Cash | |
| KUKA and KUKA Controllers | 27/03/2018 | A\$77,276,311 | | 11,039,473 ordinary shares |

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

| Name and ACN/ARSN (if applicable) | Nature of association |
|---|---|
| Each KUKA Controller set out in Table 1 of Annexure A (besides Gu Jiangsheng" 顾江生") | Body corporate that controls KUKA |
| Each KUKA Associate set out in Table 1 of Annexure A | Body corporate that is controlled by a relevant KUKA Controller |

7. Addresses

The addresses of persons named in this form are as follows:

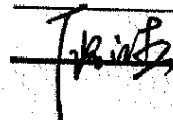
| Name | Address |
|---|---|
| KUKA Investment and Management Co., Limited | Room 06, 13A/F, South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong |
| Each entity/person set out in Table 1 and Table 2 of Annexure A | c/o KUKA Room 06, 13A/F, South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong |

Signature

print name 顾江生 Gu Jiangsheng

Capacity Chairman

sign here



date 27 / 03 / 2018

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE A

603 GUIDE page 1/1 13 March 2000

This is Annexure A of 2 pages referred to in Form 603 Notice of initial substantial holder

Name: 顾江生 Gu Jiangsheng

Capacity: Chairman

Signature: 

Date: 27 March 2018

List of the associates of KUKA Investment and Management Co., Limited

Table 1 – KUKA Controllers

| Name | ACN/ARSN (If applicable) |
|---|--------------------------|
| 顾江生 Gu Jiangsheng | N/A |
| 顾家集团有限公司 KUKA Group Co., Ltd | N/A |
| 顾家家居股份有限公司 Jason Furniture (Hangzhou) Co., Ltd, | N/A |

Table 2 – KUKA Associates

| Name | ACN/ARSN (If applicable) |
|--|--------------------------|
| 顾家家居河北有限公司 | N/A |
| 杭州顾家工艺家具销售有限公司 | N/A |
| 上海库卡家具销售有限公司 | N/A |
| 南京库卡家具销售有限公司 | N/A |
| 武汉库佳家具销售有限公司 | N/A |
| 合肥库卡家具销售有限公司 | N/A |
| 无锡库佳家具销售有限公司 | N/A |
| 常州库卡家具销售有限公司 | N/A |
| 香河库卡家具销售有限公司 | N/A |
| 绍兴库卡家具销售有限公司 | N/A |
| 昆山库卡家具销售有限公司 | N/A |
| 顾家（香港）国际贸易有限公司 (KUKA (HK) INT'L TRADE LIMITED) | N/A |
| Kuka Furniture, Inc. | N/A |
| Kuka home GmbH | N/A |
| 杭州顾家艺购电子商务有限公司 | N/A |
| 浙江顾家家居进出口有限公司 | N/A |
| 宁波库佳家具销售有限公司 | N/A |
| 杭州库佳家具销售有限公司 | N/A |
| 广州库佳家具销售有限公司 | N/A |
| 顾家家居（曲水）有限公司 | N/A |
| 顾家家居（达孜）有限公司 | N/A |
| 顾家（香港）贸易有限公司 (KUKA (HK) TRADE CO., LIMITED) | N/A |
| 杭州顾家椅家家居有限公司 | N/A |
| 郑州库卡家具销售有限公司 | N/A |
| 顾家智能家居嘉兴有限公司 | N/A |
| 顾家家居（宁波）有限公司 | N/A |

| | |
|--------------------|-----|
| 霍尔果斯库佳信息科技有限公司 | N/A |
| 杭州顾家智能家居有限公司 | N/A |
| 宁波名尚智能家居有限公司 | N/A |
| 曲水顾家智能家居有限公司 | N/A |
| 浙江领尚美居家居有限公司 | N/A |
| 杭州领尚美居家居有限公司 | N/A |
| 杭州精效家具制造有限公司 | N/A |
| 江苏链居网络科技有限公司 | N/A |
| 链居科技(杭州)有限公司 | N/A |
| 杭州顾家寝具有限公司 | N/A |
| 曲水顾家寝具有限公司 | N/A |
| 宁波梅山保税港区顾家寝具有限公司 | N/A |
| 河北顾家寝具有限公司 | N/A |
| 杭州顾家定制家居有限公司 | N/A |
| 呼和浩特市库卡家具销售有限公司 | N/A |
| 曲水库卡功能家具销售有限公司 | N/A |
| 南京顾家投资有限公司 | N/A |
| 鹿邑县顾家置业有限公司 | N/A |
| 临邑顾家置业有限公司 | N/A |
| 顾家实业投资(杭州)有限公司 | N/A |
| 杭州双华包装材料有限公司 | N/A |
| 杭州双胜企业管理咨询有限公司 | N/A |
| 喜鹊筑家网络科技(湖南)有限公司 | N/A |
| 宁波梅山保税港区顾家投资管理有限公司 | N/A |
| 浙江易起嗨体育发展有限公司 | N/A |
| 浙江顾家梅林家居有限公司 | N/A |
| 宁波梅山保税港区双懿投资管理有限公司 | N/A |
| 宁波清沣投资有限公司 | N/A |
| 杭州天厥物业管理公司 | N/A |
| 陈飞杰(深圳)设计事务所有限公司 | N/A |
| 玉环市凯达铜业有限公司 | N/A |
| 深圳双信管理咨询有限公司 | N/A |

ANNEXURE B

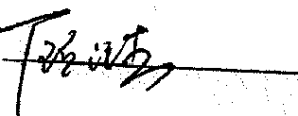
Share Purchase Agreement

This is Annexure B of 18 pages referred to in Form 603 Notice of initial substantial holder

Name: 顾江生 Gu Jiangsheng

Capacity: Chairman

Signature:



Date: 27 March 2018

KING&WOOD
MALLESONS

Share Purchase Agreement

Dated 27/03/2018

Scali Consolidated Pty Ltd (ACN 002 410 559) ("**Seller**")
KUKA Investment and Management Co., Limited ("**Buyer**")
Mr Anthony John Scali ("**Guarantor**")

King & Wood Mallesons
Level 50
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.kwm.com

Share Purchase Agreement

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Share Purchase Agreement

Details

Parties

| | | |
|------------------|--|--|
| Seller | Name | Scali Consolidated Pty Ltd |
| | ACN | 002 410 559 |
| | Address | Unit B1/B2/B3 3-29 BIRNIE AVENUE LIDCOMBE NSW, 2141 |
| | Email | ascal@nickscali.com.au |
| | Attention | Mr Anthony John Scali |
| | | |
| Buyer | Name | KUKA Investment and Management Co., Limited |
| | Company number | 68781149 |
| | Address | Room 06, 13A/F, South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong |
| | Email | hanj@kukahome.com |
| | Attention | Ms Jie (Jenny) Han |
| Guarantor | Name | Mr Anthony John Scali |
| | Address | Unit B1/B2/B3 3-29 BIRNIE AVENUE LIDCOMBE NSW, 2141 |
| | Email | ascal@nickscali.com.au |
| | | |
| | | |
| Company | Nick Scali Limited (ACN 000 403 896) | |
| Shares | 11,039,473 fully paid, ASX-quoted ordinary shares in the Company amounting to approximately 13.63% of the Company's issued share capital as at the date of this document | |

| | |
|-----------------------|--|
| Purchase Price | A\$7.00 per Share, totalling A\$77,276,311 |
|-----------------------|--|

| | |
|---------------------------------------|----------------------------|
| Governing law and jurisdiction | New South Wales, Australia |
|---------------------------------------|----------------------------|

| | | | | | | | | | |
|-----------------|--|---|--|---|---|---|---|---|---|
| Recitals | <table><tr><td>A</td><td>The Company is incorporated in Australia and has its registered office at Level 7, 39 Delhi Rd, North Ryde, NSW 2113, Australia.</td></tr><tr><td>B</td><td>The Seller is the registered holder and beneficial owner of the Shares.</td></tr><tr><td>C</td><td>The Seller has agreed to sell, and the Buyer has agreed to buy, the Shares on the terms of this document.</td></tr><tr><td>D</td><td>The Guarantor has agreed to guarantee the obligations of the Seller, and acknowledges incurring obligations giving rights under this document for valuable consideration.</td></tr></table> | A | The Company is incorporated in Australia and has its registered office at Level 7, 39 Delhi Rd, North Ryde, NSW 2113, Australia. | B | The Seller is the registered holder and beneficial owner of the Shares. | C | The Seller has agreed to sell, and the Buyer has agreed to buy, the Shares on the terms of this document. | D | The Guarantor has agreed to guarantee the obligations of the Seller, and acknowledges incurring obligations giving rights under this document for valuable consideration. |
| A | The Company is incorporated in Australia and has its registered office at Level 7, 39 Delhi Rd, North Ryde, NSW 2113, Australia. | | | | | | | | |
| B | The Seller is the registered holder and beneficial owner of the Shares. | | | | | | | | |
| C | The Seller has agreed to sell, and the Buyer has agreed to buy, the Shares on the terms of this document. | | | | | | | | |
| D | The Guarantor has agreed to guarantee the obligations of the Seller, and acknowledges incurring obligations giving rights under this document for valuable consideration. | | | | | | | | |

Share Purchase Agreement

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears these meanings, together with the meanings in the Details, apply:

ASX means the Australian Securities Exchange.

ASTC Settlement Rules means the settlement rules published by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Bank Guarantee has the meaning given to it in clause 3.4(a).

Business Day means a day on which banks are open for general banking business in Sydney and Hangzhou (not being a Saturday, Sunday or public holiday in that place).

CHESS has the meaning given to that term in the ASTC Settlement Rules.

Completion means completion of the sale and purchase of the Shares in accordance with clause 5 and **Complete** has a corresponding meaning.

Completion Date means 5 Business Days after the Buyer notifies the Seller of satisfaction of the Condition Precedent or any other date agreed by the Seller and the Buyer.

Condition Precedent means the condition precedent set out in clause 4.

Corporations Act means the *Corporations Act 2001* (Cth).

Costs means costs, charges and expenses, including those incurred in connection with advisers and any legal costs on a full indemnity basis.

Cut Off Date means 13 September 2018.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist and **Encumber** has a corresponding meaning.

Government Agency means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Guarantee means the guarantee and indemnity in clause 8.

Loss means all damage, loss, cost, claim, or expense (including legal costs and expenses of any kind).

PRC Government Agency means a Government Agency in the People's Republic of China including:

- (a) the Ministry of Commerce, People's Republic of China;
- (b) the National Development and Reform Commission; and
- (c) the State Administration of Foreign Exchange.

Proposed Transaction means the proposed sale by the Seller, and purchase by the Buyer, of the Shares as contemplated on the terms of this document.

PPSA means the *Personal Property Security Act 2009* (Cth).

Related Body Corporate has the meaning it has in the Corporations Act.

Reverse Break Fee has the meaning given to it in clause 3.5(a).

Representative of a party means an employee, agent, officer, director, auditor, adviser, partner, associate, consultant, joint venturer or sub-contractor of that party or of a Related Body Corporate of that party.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "**person**" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to "**law**" includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to "**regulations**" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);

- (l) an agreement, representation or warranty in favour of 2 or more persons is for the benefit of them jointly and each of them individually;
- (m) an agreement, representation or warranty by 2 or more persons binds them jointly and each of them individually;
- (n) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (o) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (p) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day; and
- (q) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day.

2 Sale and purchase of Shares

2.1 Sale and purchase

The Seller agrees to sell the Shares to the Buyer, and the Buyer agrees to buy the Shares from the Seller, for the Purchase Price, on the terms and conditions of this document.

2.2 Free from Encumbrance

The Shares must be transferred to the Buyer free from any Encumbrance and with all rights, including dividend rights, attached or accruing to them on and from the Completion Date.

2.3 Nominee holder

The Buyer may nominate a Related Body Corporate to be the person to whom the Shares are transferred by clause 5.2 of this document by giving notice of the Related Body Corporate to the Seller at least 5 Business Days prior to the Completion Date.

2.4 Seller's covenants

- (a) The Seller covenants with the Buyer not to sell, offer for sale, transfer, Encumber, assign or grant or allow to exist any other right in relation to the Shares prior to Completion. The parties agree that damages would be an insufficient remedy for breach of this covenant and the Seller agrees that the Buyer will be entitled to seek and obtain an injunction or specific performance to enforce the Seller's obligation under this clause without proof of actual damage and without prejudice to any of its other rights or remedies.
- (b) The Seller must, as soon as practicable after the date of this document, transfer, or procure to be transferred, the Shares from the CHESS-sponsored sub-register to the issuer-sponsored sub-register.

2.5 Foreign resident withholding tax declaration

On the date of this document, the Seller undertakes to deliver to the Buyer a duly executed declaration in the form of Annexure A.

3 Payment of Purchase Price

3.1 Purchase Price

The Purchase Price for the Shares is the amount stated in the Details. The Purchase Price will be paid at Completion by the Buyer to the Seller in accordance with clause 5.3.

3.2 Method of payment

Each payment referred to in this document must be made (at the election of the payee) by bank cheque or direct deposit of cleared funds to the credit of an Australian bank account specified in writing by the payee to the payer no later than 5 Business Days before the due date for payment or by any other method agreed by the parties.

3.3 Acknowledgements

Each of the Buyer and the Seller acknowledge that:

- (a) the other party has incurred and will incur significant Costs (including but not limited to external advisory costs, out-of-pocket expenses, and internal costs) in relation to the Proposed Transaction;
- (b) the amount of these Costs are inherently unascertainable and that, even after termination of this document, the Costs will not be able to be accurately ascertained;
- (c) the Seller would not have entered into this document without the benefit of the Bank Guarantee having regard to the requirement for the Buyer to obtain certain consents and approvals of PRC Government Agencies as set out in clause 4.1; and
- (d) consequently:
 - (i) the Buyer agrees to provide a bank guarantee to the Seller in accordance with clause 3.4; and
 - (ii) the Seller agrees to pay a reverse break fee to the Buyer in accordance with clause 3.5.

3.4 Bank guarantee

- (a) At the time of execution of this document, the Buyer must provide, or procure that there is provided, to the Seller a bank guarantee of A\$7,727,631.10 in the form agreed by the parties prior to the date of this document ("**Bank Guarantee**").
- (b) If this document is terminated by the Seller or the Buyer under clause 4.4 or by the Seller under clause 7.1(a)(i), the Seller shall become fully entitled to the benefit of, and can enforce its right under, the Bank Guarantee as its sole remedy under or in connection with this document.
- (c) If this document is terminated by the Buyer under clause 7.1(b)(i), the Bank Guarantee shall be released back to the Buyer, and the Seller will not be entitled to enforce any rights and must not make any claim under the Bank Guarantee.

- (d) Upon Completion occurring, the Bank Guarantee shall be released back to the Buyer and the Seller will not be entitled to enforce any rights and must not make any claim under the Bank Guarantee.

3.5 Reverse break fee

- (a) If the Seller fails to Complete in accordance with this document and this document is terminated by the Buyer in accordance with clause 7.1(b)(i), the Seller must pay to the Buyer a reverse break fee of A\$2,318,289.33 ("**Reverse Break Fee**") within 3 Business Days of receiving a written notice from the Buyer.
- (b) The Reverse Break Fee is not payable by the Seller if this document is validly terminated by:
 - (i) the Seller in accordance with clause 7.1(a)(i); or
 - (ii) either the Buyer or the Seller in accordance with clause 4.4.
- (c) If the Reverse Break Fee becomes payable and the Seller pays the Reverse Break Fee to the Buyer in accordance with this clause 3.5 and clause 7.1(b)(i), the Reverse Break Fee shall be the Buyer's sole remedy against the Seller in connection with the Seller's failure to Complete.
- (d) The Buyer represents and warrants to the Seller that it would not have entered into this document without the benefit of this clause and it would not have entered into and continued the negotiations leading up to this document unless it had a reasonable expectation that the Seller would agree to provide the Reverse Break Fee.
- (e) The Seller acknowledges that this clause 3.5 represents a genuine and reasonable pre-estimate of Costs the Buyer would incur in connection with entering into the Proposed Transaction, and is fair and reasonable and appropriate in order to secure the benefits to it which would result from the sale by it under the Proposed Transaction.
- (f) Subject to the provisions of clause 7.1(b), nothing in this clause 3.5 prevents the Buyer from making a claim against the Seller, in excess of the Reverse Break Fee, for any Costs or Losses incurred by the Buyer in connection with the Seller making a claim under the Bank Guarantee other than as permitted by clause 3.4(b).

4 Condition Precedent

4.1 Condition Precedent

Completion is conditional on the Buyer obtaining all consents and approvals required from any PRC Government Agency for the Buyer to enter into or perform its obligations under this document.

4.2 Reasonable endeavours

- (a) Each party must promptly following reasonable request from the other party provide such information that is reasonably required to facilitate the Buyer satisfying the Condition Precedent, and the Buyer must (to the extent within its control) use its reasonable endeavours to obtain the satisfaction of the Condition Precedent, including procuring performance by a third party.

- (b) The parties must keep each other informed of any circumstances which may result in any Condition Precedent not being satisfied in accordance with its terms.
- (c) The Buyer must notify the Seller in writing as soon as practicable and in any event no later than 2 Business Days after satisfaction of the Condition Precedent.

4.3 Waiver

The Condition Precedent is for the benefit of the Buyer alone and may be waived by the Buyer by written notice to the Seller.

4.4 Satisfaction of Condition Precedent

If the Condition Precedent in clause 4.1 is not satisfied or waived in accordance with clause 4.3 by the Cut Off Date, then the Seller (on behalf of the Seller and Guarantor) or the Buyer may terminate this document with immediate effect by giving notice in writing to the other party.

5 Completion

5.1 Time and place of Completion

Completion will take place at 3.00 pm on the Completion Date at the offices of King & Wood Mallesons in Sydney, or any other time and place agreed between the Seller and the Buyer.

5.2 Seller's obligations

At Completion, the Seller must:

- (a) **(documents)** deliver to the Buyer:
 - (i) **(transfers)** duly executed copies of all necessary documents and instruments (including a duly executed copy of a Standard Transfer Form from the Company's share registry) to ensure that all right, title and interest in the Shares passes from the Seller to the Buyer (and/or its nominees) free from Encumbrances (including providing any notice of discharge required to release any Encumbrance); and
 - (ii) **(director's resolution of the Seller)** a certified copy of a resolution of the director of the Seller resolving to transfer the Shares and undertake the actions required under this clause 5.2; and
- (b) **(other assistance)** do all other things within its control that are necessary to transfer the Shares to the Buyer so that the Buyer can be registered as the holder of the Shares on and from Completion.

5.3 Buyer's obligation

At Completion, the Buyer must pay the Seller in accordance with clause 3.2, if the Seller complies with clause 5.2.

5.4 Simultaneous actions at Completion

In respect of Completion:

- (a) the obligations of the Seller and Buyer under this document are interdependent; and
- (b) unless otherwise stated, all actions required to be performed by a party at Completion are taken to have occurred simultaneously on the Completion Date.

6 Warranties

6.1 Buyer warranties

The Buyer represents and warrants that:

- (a) it has full power, authority and capacity to enter into and perform its obligations under this document in accordance with its terms;
- (b) the entry into and the performance by it of this document in accordance with its terms does not violate, breach or result in a contravention of any law, regulation or authorisation or its constitution or other constituent documents; and
- (c) this document constitutes its legal valid and binding obligations and subject to any necessary stamping is enforceable in accordance with its terms.

6.2 Seller warranties

The Seller represents and warrants that:

- (a) it has full power, authority and capacity to enter into and perform its obligations under this document in accordance with its terms;
- (b) the entry into and the performance by it of this document in accordance with its terms does not violate, breach or result in a contravention of any law, regulation or authorisation or its constitution or other constituent documents;
- (c) this document constitutes its legal valid and binding obligations and subject to any necessary stamping is enforceable in accordance with its terms;
- (d) it is entitled to sell and transfer full legal and beneficial ownership in the Shares on Completion free of any Encumbrance or adverse interest;
- (e) the Shares are freely tradeable;
- (f) it is, and will at all times until Completion be, a resident (for tax purposes) in Australia; and

- (g) it is not aware of any inside information in respect of the Company within the meaning of section 1042A of the Corporations Act other than the fact and terms of this document.

6.3 Survival and repetition of representations and warranties

Other than clause 6.2(g), the representations and warranties given in this clause 6:

- (a) do not merge on Completion; and
- (b) are regarded as repeated at Completion in relation to the facts and circumstances then subsisting.

7 Default and termination

7.1 Failure by a party to Complete

If the Buyer or the Seller does not Complete, other than as a result of default by the other party, the non-defaulting party may give the defaulting party notice requiring it to Complete within 7 days of receipt of the notice.

If the defaulting party does not Complete within this period, the non-defaulting party may:

- (a) if the non-defaulting party is the Seller and the Buyer is the defaulting party, the Seller may either:
 - (i) terminate this document (in which case it shall become fully entitled to the benefit of, and can enforce its right under, the Bank Guarantee in accordance with clause 3.4 as the Seller's sole remedy under or in connection with this document); or
 - (ii) proceed for specific performance and/or seek damages in connection with the Buyer's failure to Complete, save that the amount of any damages claimed by the Seller shall not exceed the amount of the Bank Guarantee; and
- (b) if the non-defaulting party is the Buyer and the Seller is the defaulting party, the Buyer may either:
 - (i) terminate this document (in which case it may demand payment of the Reverse Break Fee in accordance with clause 3.5 as the Buyer's sole remedy in connection with the Seller's failure to Complete); or
 - (ii) proceed for specific performance and/or seek damages in connection with the Seller's failure to Complete, save that the amount of any damages claimed by the Buyer shall not exceed the amount of the Reverse Break Fee; and
 - (iii) to the extent that the Seller makes a claim under the Bank Guarantee other than as permitted by clause 3.4(b), the Buyer may seek damages against the Seller for an amount not exceeding the amount claimed by the Seller under the Bank Guarantee.

7.2 Effect of termination

- (a) If this document is terminated under clause 4.4 or clause 7.1 then, in addition to any other rights, powers or remedies provided by law, each party retains the rights it has against any other party in connection with any breach or claim that has arisen before termination.
- (b) The termination of this document under this clause does not affect any other rights the parties have against one another at law or in equity and clauses 9, 10 and 11 survive termination.

8 Guarantee

8.1 Guarantee and indemnity

The Guarantor:

- (a) unconditionally and irrevocably guarantees to the Buyer on demand, the due and punctual performance of the Seller's obligation to pay the Reverse Break Fee in accordance with clause 3.5; and
- (b) as a separate and additional liability, indemnifies the Buyer against all Loss incurred by the Buyer arising from any failure by the Seller to comply with its obligations under this document.

8.2 Extent of guarantee and indemnity

The liability of the Guarantor under this clause 8 is not affected by anything which, but for this clause 8 might operate to release or exonerate the Guarantor in whole or in part from its obligations including any of the following, whether with or without the consent of the Guarantor:

- (a) the grant to the Seller, the Guarantor or any other person of any time, a waiver or other indulgence, or the discharge or release of the Seller, the Guarantor or any other person from any liability or obligation;
- (b) any transaction or arrangement that may take place between the Seller, the Guarantor, the Buyer or any other person;
- (c) the failure or omission or any delay by the Buyer or the Seller to give notice to the Guarantor of any default by the Seller under this document; and
- (d) any legal limitation, disability, incapacity or other circumstances related to the Seller, the Guarantor or any other person.

8.3 Principal and independent obligation

This clause 8 is a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation and extends to cover this document as amended, varied, supplemented, renewed or replaced.

8.4 Continuing guarantee and indemnity

This clause 8 is a continuing obligation of the Guarantor and remains in full force and effect for so long as the Seller has any liability or obligation to the Buyer under this document and until all those liabilities or obligations have been fully discharged.

8.5 No set off

The Guarantor has no right to set off, deduct or withhold any moneys that it may be or become liable to pay under this clause 8, against any moneys that the Seller may be, or become, liable to pay to the Buyer whether under this document or otherwise.

8.6 Guarantor's liability

The Guarantor's liability in respect of any claim under this document shall not exceed the Seller's liability in respect of that claim.

9 Costs**9.1 Legal costs**

The parties agrees to pay their own Costs in connection with the preparation, negotiation, execution and Completion of this document, except for amounts covered by clause 9.3.

9.2 Brokerage

- (a) The Buyer must pay any brokerage for receiving the Shares under this document, with any such transactions to be carried out by the Buyer's nominated broker.
- (b) The Seller must pay any brokerage for delivering the Shares to the Buyer under this document, with any such transactions to be carried out by the Seller's nominated broker.

9.3 Stamp duty and registration fees

The Buyer agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of those amounts).

10 GST**10.1 Definitions and interpretation**

For the purposes of this clause 10:

- (a) "**GST Act**" means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);
- (b) words and phrases which have a defined meaning in the GST Act have the same meaning when used in this clause 10, unless the contrary intention appears;
- (c) unless otherwise expressly stated in this document, all consideration to be provided under this document is exclusive of GST; and
- (d) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as if it were a separate supply.

10.2 Payment of GST

- (a) If GST is payable, or notionally payable, on a supply made under or in connection with this document, the party providing the consideration for the supply must pay to the supplier an additional amount equal to the amount of GST payable on that supply ("GST Amount").
- (b) Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time as the GST-exclusive consideration for the supply, or the first part of the GST-exclusive consideration for the supply (as the case may be), is payable or is to be provided.
- (c) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.

10.3 Adjustment events

If an adjustment event arises for a supply made under or in connection with this document, the GST Amount must be recalculated to reflect that adjustment, the supplier or the recipient (as the case may be) must make any payments necessary to reflect the adjustment and the supplier must issue an adjustment note.

10.4 Reimbursements

Any payment, reimbursement, indemnity or similar payment that is required to be made under this document which is calculated by reference to an amount paid by another party shall be reduced by the amount of any input tax credits which the other party (or the representative member of any GST group of which the other party is a member) is entitled. If the reduced payment is consideration for a taxable supply, clause 10.2 will apply to the reduced payment.

10.5 Calculation of payments

If an amount payable under this document is to be calculated by reference to:

- (a) the amount payable for a taxable supply then, for the purposes of that calculation, the amount is to be calculated by reference to the GST-exclusive amount payable; and
- (b) the amount payable for an acquisition then, for the purposes of that calculation, the amount is calculated by reference to the GST-exclusive amount payable for the acquisition.

10.6 Survival

This clause 10 does not merge on Completion and continues to apply after expiration or termination of this document.

11 General

11.1 Notices

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address referred to in the Details and (except in the case of email) marked for the attention of the person referred to in the Details. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

11.2 Confidentiality and public announcements

- (a) Each party and their Representatives must hold this document and any information provided in connection with it or the Proposed Transaction in strict confidence and must not, except as permitted by this clause or with the other parties' prior written consent, disclose, or make any public announcement in relation to, the terms of this document or any discussions or negotiations in connection with it or the Proposed Transaction to any third party, unless the party making the disclosure is required to do so by any law, stock exchange or regulatory authority.
- (b) The Seller and Buyer acknowledge and agree that each of them and the Company may make:
 - (i) a public filing required to be made under Part 6C.1 of the Corporations Act (it being acknowledged that a copy of this document will need to be accompany such filing); and
 - (ii) any other announcement agreed between the Seller and Buyer.

11.3 Variation and waiver

A provision of this document, or right, power or remedy created under it, may not be varied or waived except in writing signed by the party to be bound.

11.4 Consents, approvals or waivers

By giving any approval, consent or waiver does not give any representation or warranty as to any circumstance in connection with the subject matter of the consent, approval or waiver.

11.5 Discretion in exercising rights

Unless this document expressly states otherwise, a party may exercise a right, power or remedy or give or refuse its consent, approval or a waiver in connection with this document in its absolute discretion (including by imposing conditions).

11.6 Partial exercising of rights

Unless this document expressly states otherwise, if a party does not exercise a right, power or remedy in connection with this document fully or at a given time, they may still exercise it later.

11.7 Conflict of interest

Each party may exercise their rights, powers and remedies in connection with this document even if this involves a conflict of duty or they have a personal interest in their exercise.

11.8 Supervening law

Any present or future law which operates to vary the obligations of a party in connection with this document with the result that another party's rights, powers or remedies are adversely affected (including, by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

11.9 Counterparts

This document may consist of a number of copies, each signed by one or more parties to it. If so, the signed copies are treated as making up a single document.

11.10 Entire agreement

This document constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

11.11 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this document and the transactions contemplated by it.

11.12 Assignment or other dealings

A party may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of the other parties which consent must not be unreasonably withheld.

11.13 No liability for Loss

Unless this document expressly states otherwise, a party is not liable for any Loss, liability or Costs arising in connection with the exercise or attempted exercise of, failure to exercise, or delay in exercising a right, power or remedy in connection with this document.

11.14 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this document or is contrary to public policy.

11.15 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this document or any part of it.

11.16 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

11.17 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address for service of notices under clause 11.1.

EXECUTED as an agreement

Share Purchase Agreement

Signing page

DATED: 27/03/2018

For and on behalf of KUKA Investment and Management Co., Limited

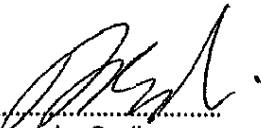
Signed: 

Name: 顾江生 GU JIANGSHENG
(Capital letters)


Position: DIRECTOR
(Capital letters)

By executing this document the signatory warrants that the signatory is duly authorised as the authorised representative of the Buyer to execute this document on behalf of KUKA Investment and Management Co., Limited

EXECUTED by SCALI
CONSOLIDATED PTY LTD in
accordance with section 127(1) of the
Corporations Act 2001 (Cth) by
authority of its sole director:


Signature of Anthony John Scali
who states that they are the sole
director and sole company secretary of
SCALI CONSOLIDATED PTY LTD

SIGNED by ANTHONY JOHN SCALI
in the presence of:


Signature of witness
MICHAELA RAMAS
Name of witness (block letters)


Signature of ANTHONY JOHN SCALI

Annexure A – Foreign resident withholding tax declaration

To: KUKA Investment and Management Co., Limited

1. Scali Consolidated Pty Ltd (ACN 002 410 559) will be a seller (**Seller**) of shares in Nick Scali Limited (ACN 000 403 896) under the proposed share purchase agreement for sale of shares in Nick Scali Limited (**Share Purchase Agreement**).

2. The Seller gives the following declaration under section 14-225 for the purposes of section 14-210(3) of schedule 1 of the *Taxation Administration Act 1953* (Cth):

As of the date of this declaration, the Seller is an Australian resident within the meaning of the *Income Tax Assessment Act 1936* (Cth) and will be an Australian resident up to the point of Completion.

3. Unless the context otherwise requires, words and expressions defined in the Share Purchase Agreement have the same meaning in this declaration and the principles of interpretation in clause 1.2 of the Share Purchase Agreement also apply to this declaration.
4. This declaration is governed by the laws of New South Wales, Australia.

EXECUTED by SCALI
CONSOLIDATED PTY LTD in
accordance with section 127(1) of the
Corporations Act 2001 (Cth) by
authority of its sole director:

Signature of Anthony John Scali
who states that they are the sole
director and sole company secretary of
SCALI CONSOLIDATED PTY LTD