

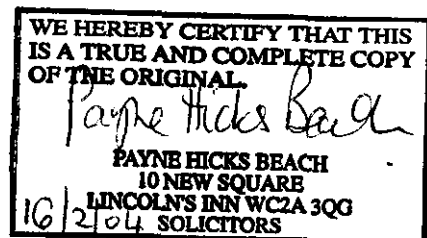
1944667

DATED 24th May 2002

J.H.G. AMOR Esq. and (1)
GLOBE AUDIO PRODUCTS MANUFACTORY
LIMITED

-and-

WATERMARK GROUP PLC (2)



SALE AND PURCHASE AGREEMENT

relating to Globe Audio Limited

Payne Hicks Beach,
10 New Square,
Lincoln's Inn,
London WC2A 3QG.



CONTENTS

Clause

1. Interpretation
2. Sale of Shares
3. Consideration
4. Deferred Consideration
5. Conditions
6. Action Pending Completion
7. Completion
8. Conduct of Business after Completion
9. Restrictions
10. Warranties
11. Limitation on Warrantor's Liability
12. Miscellaneous
13. Announcements
14. Third Party Rights
15. Costs

Schedule 1 - The Company and the Hong Kong Company

Schedule 2 - The Airlines

Schedule 3 - The Airline Contracts

Schedule 4 - Sub-Agents

Schedule 5 - Warranties and Representations

Annex A - Commission Agreement

Annex B - Business Sale Agreement

Annex C - Resignation of Secretary

Annex D - Keyman Insurance Letter

Annex E - Revised Hong King Contract

THIS AGREEMENT is made the
_____ of

24th
May

day
2002

BETWEEN :-

- (1) **JOHN HOWARD GILBERT AMOR** of 12 The Riverside, Graburn Way, East Molesey, Surrey KT8 9BF ("Mr Amor") and **GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED** a Company incorporated in Hong Kong whose registered office is at 505-506 Worldwide Industrial Centre, 43-47 Shan Mei Street, SWTL 137, Fotan, Shatin, N.T., Hong Kong ("the Hong Kong Company"), (collectively "the Vendors") and
- (2) **WATERMARK GROUP PLC** a company registered in England and Wales under number 1944667 whose registered office is at Belmore Park, Upham, Hampshire SO32 1HQ ("the Purchaser")

WHEREAS :-

(A) Globe Audio Limited ("the Company") is a company incorporated in England and Wales under the Companies Acts 1985 to 1989 as a private company limited by shares further particulars of which are set out in Part 1 of Schedule 1

(B) The Vendors are the beneficial owners and the registered holders of all the issued share capital of the Company and have the right power and authority to sell and transfer such shares (subject to the Company's Memorandum and Articles of Association) free from all claims, charges, liens, encumbrances or equities

(C) The Vendors have agreed to sell or procure the sale of and the Purchaser has agreed to purchase the whole of the issued share capital of the Company on the terms and conditions and on the basis of the representations warranties agreements and indemnities contained in this Agreement

NOW IT IS AGREED as follows :-

1. INTERPRETATION

1.1 Definitions

In this Agreement and the Schedules unless the context otherwise requires :-

"2001 Adjusted Post Tax Profits"

£100,690.83 (being the post tax profits of the Business for the year ended 31 December 2001 as

shown in the 2001 Business Review, calculated to take account of agreed office costs and administrative expenses including actual external audit costs, credit insurance and direct legal fees to be borne by the Company, and applying a tax rate equal to the average rate payable by the Purchaser as shown in its audited accounts for the year ended 31 December 2001)

"Airlines"

the airlines brief details of which are set out in Schedule 2

"Airline Contracts"

the current contracts, engagements and orders of the Vendor and of the Company with each of the Airlines, details of which are set out in Schedule 3

"2003 Audited Accounts"

the audited balance sheet of the Company made up as at 30 April 2003 and the audited profit and loss account of the Company for the year ending 30 April 2003

"2004 Audited Accounts"

the audited balance sheet of the Company made up as at 30 April 2004 and the audited profit and loss account of the Company for the year ending 30 April 2004

"Business"

the business of a sales agency carried on by Mr Amor and/or by the Company prior to Completion for and on behalf of the Hong Kong Company for the sale and supply of electronic headphones to airlines

"2001 Business Review"

review carried out by the Purchaser's Accountants of all accounts and other financial records of the Business for the Two (2) years ended 31 December 2000 and 2001 and for the Four (4) months which commenced on 1 January 2002 including but not limited to an audit of all sales made by the Hong Kong Company through the

	Company and/or Mr Amor and all resulting commissions accrued for or paid to the Company and/or Mr Amor in relation to such period
"business day"	any day when clearing banks are open for business in the City of London
"Business Contracts"	the Supplier Contracts and the Customer Contracts
"Commission Agreement"	the agreement between Mr Amor and the Company in agreed terms marked "A" under which Mr Amor will receive a commission of 3 per cent on new contracts entered into by the Company after 1 April 2002
"Companies Act"	the Companies Act 1985
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with this Agreement
"Completion Date"	the date on which Completion shall take place
"Confidential Information"	all information not publicly known used in or otherwise relating to the Company's and the Vendors' business, customers, clients or financial or other affairs, including, without limitation, information relating to :- <ul style="list-style-type: none"> (a) the marketing and distribution of goods or services including, without limitation, customer and supplier names and lists and other details of customers and suppliers, sales targets, sales statistics, market share statistics, prices, market research reports and surveys, and advertising or other promotional materials; or (b) future projects, business development or planning, commercial relationships and

negotiations

"Consideration Shares"	the number of Purchaser Shares credited as fully paid calculated in accordance with Clause 4.2 and subject to adjustment
"Customer Contracts"	all contracts, engagements and orders for the sale or supply by Mr Amor and/or the Company of goods in connection with the Business and entered into by Mr Amor and/or the Company prior to Completion and remaining to be performed at the Completion Date, including but not limited to the Airline Contracts
"Directors"	the persons whose names are shown as directors in Part 1 of Schedule 1
"Encumbrance"	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer and retention arrangement) having similar effect
"Goodwill"	all the goodwill of Mr Amor and of the Company in relation to the Business
"Hong Kong Company"	Globe Audio Products Manufactory Limited further particulars of which are set out in Part 2 of Schedule 1
"Hong Kong Contract"	a headphones and audio agency agreement dated 18 August 2000 and made between the Hong Kong Company (1) and Mr Amor (2)
"Intellectual Property"	(a) patents, trade marks, service marks, registered designs, applications for any of those rights, trade and business

names, unregistered trade marks and service marks, copyrights, know-how, design rights and rights in inventions other than the right to use the name "Globe" which is the property of the Hong Kong Company and which the Company has the right to use during the currency of the Revised Hong Kong Contract;

(b) rights under licences, consents, orders, statutes or otherwise in relation to a right in paragraph (a) and;

(c) rights of the same or similar effect or nature as to those in paragraphs (a) and (b)

in each case in any jurisdiction

"Mr Amor's Accountants"

Vantis Morton Thornton of Torrington House, 47 Holywell Hill, St Albans, Hertfordshire, AL1 1HD

"Purchaser Shares"

any one or more ordinary shares of 1p each in the capital of the Purchaser

"Purchaser's Accountants"

Grant Thornton of Melton House, Euston Square, London NW1 2EP

"Purchaser's Solicitors"

Payne Hicks Beach of 10 New Square, Lincoln's Inn, London WC2A 3QG

"Revised Hong Kong Contract"

the revised contract in the form annexed hereto marked 'E' to be entered into as a condition of Completion setting out the agreement between the Company and the Hong Kong Company

"Sale Shares"

the shares to be bought and sold pursuant to Clause 2

"Sub-Agents"	the sub-agents appointed by Mr Amor and/or the Hong Kong Company and/or the Company, brief details of whom are set out in Schedule 4
"Supplier Contracts"	all contracts, engagements and orders for the sale or supply to the Company and/or to Mr Amor of goods or services entered into or assumed by the Company and/or Mr Amor in the ordinary course of the Business including but not limited to the Hong Kong Contract
"Vendors' Solicitors"	Blake-Turner & Co of 128-129 Minories, London EC3N 1PB
"Warranties"	the warranties and representations set out in Schedule 5
"Warrantor"	Mr Amor

1.2 Construction of Certain References

In this Agreement unless the context otherwise requires :-

- 1.2.1 words and phrases defined in the Companies Act 1985 shall bear the same meanings in this Agreement
- 1.2.2 references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification)
- 1.2.3 where any statement is qualified by the expression 'so far as the Vendors are aware' or 'to the best of the Vendors' knowledge and belief' or any similar expression, that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry
- 1.2.4 references to Clauses and Schedules are references to clauses of and schedules to this Agreement, references to sub-clauses or paragraphs are, unless otherwise stated, references to sub-clauses of the clause or

paragraphs of the Schedule in which the reference appears, and references to this Agreement include the Schedules

1.2.5 references to any document being in agreed terms are to that document in the form signed on behalf of the parties for identification

1.2.6 words and expressions importing any gender shall include all other genders and the singular number shall include the plural and vice versa

1.2.7 any question whether a person is connected with another shall be determined in accordance with Section 839 Income and Corporation Taxes Act 1988, which shall apply in relation to this Agreement as it applies in relation to that Act

1.2.8 references to any Act, statutory instrument, regulation, bye-law or other requirement of English law and to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include that which most nearly approximates in that jurisdiction to the English legal term and

1.2.9 reference to a person includes a reference to a body corporate, association or partnership and a reference to that person's legal personal representatives and successors

1.3 **Headings**

The headings and sub-headings are inserted for convenience only and shall not affect the construction of this Agreement

1.4 **Schedules**

Each of the Schedules shall have effect as if set out in and shall form part of this Agreement

2. **SALE OF SHARES**

2.1 **Sale and Purchase**

Subject to the terms of this Agreement, the Vendors with full title guarantee shall sell and the Purchaser shall purchase, free from Encumbrances and together with all rights attaching to the same Three (3) ordinary shares of £1 credited as fully paid which together comprise the entire issued share capital of the Company

2.2 Waiver of Pre-emption Rights

The Vendors waive and shall procure that there shall be waived before Completion all pre-emption rights relating to the Sale Shares, whether conferred by the Company's Articles of Association or otherwise

3. CONSIDERATION

3.1 The consideration for the Sale Shares shall be the sum of £604,145 (being Six (6) times the 2001 Adjusted Post Tax Profits) which shall be satisfied as to £200,000 payable in cash to the Hong Kong Company on Completion and as to the balance to Mr Amor in accordance with Clause 4 ("Deferred Consideration")

3.2 Mr Amor and the Hong Kong Company shall not raise any query or complaint after Completion about the apportionment of the consideration for the Sale Shares in accordance with this Agreement and the Purchaser shall not be concerned to make any enquiries about such apportionment

4. DEFERRED CONSIDERATION

4.1 The Deferred Consideration shall be satisfied by the allotment and issue of the Consideration Shares in accordance with Clause 4.3

4.2 The number of Consideration Shares to be allotted and issued pursuant to Clause 4.1 shall be calculated as follows where "X" is the number of Consideration Shares, "Y" is the amount of the Deferred Consideration and "Z" is the price per Purchaser Share calculated using the middle market price at the close of business on the last business day before the date of Completion: $X = Y/Z$

4.3 The Consideration Shares shall be allotted and issued to Mr Amor as follows:

4.3.1 50% on the date 30 days after completion of the 2003 Audited Accounts, subject to adjustment in accordance with Clause 4.4.1 ("First Consideration Shares")

4.3.2 50% on the date 30 days after completion of the 2004 Audited Accounts, subject to adjustment in accordance with Clause 4.5.1 ("Second Consideration Shares")

4.4.1 If the post-tax profits of the Company as shown in the 2003 Audited Accounts show a decrease compared to the 2001 Adjusted Post-Tax Profits the number of First Consideration Shares shall be reduced by an equal

percentage to the percentage of such decrease in post-tax profits using the share price referred to in Clause 4.2

4.4.2 If the post-tax profits of the Company as shown in the 2003 Audited Accounts show an increase of at least 30% compared to the 2001 Adjusted Post-Tax Profits then additional Purchaser Shares shall be allotted and issued to Mr Amor together with the First Consideration Shares. The number of such additional Purchaser Shares ("X") shall be calculated as follows where "Y" is the value of the increase in post-tax profits (capped at 100%) and "Q" is the price per Purchaser Share calculated using the middle market price at the close of business on the last business day before the allotment of the First Consideration Shares:
$$X = Y/Q$$

4.5.1 If the post-tax profits of the Company as shown in the 2004 Audited Accounts show a decrease compared to the 2001 Adjusted Post-Tax Profits the number of Second Consideration Shares shall be reduced by an equal percentage to the percentage of such decrease in post-tax profits using the share price referred to in Clause 4.2

4.5.2 If the post-tax profits of the Company as shown in the 2004 Audited Accounts are at least 30% more than 130% of the 2001 Adjusted Post Tax Profits then additional Purchaser Shares shall be allotted and issued to Mr Amor together with the Second Consideration Shares. The number of such additional Purchaser Shares shall be calculated using the same formula as in Clause 4.4.2 save that the price per Purchaser Share shall be calculated using the middle market price at the close of business on the last business day before the allotment of the Second Consideration Shares

4.6 In the event of any fractional entitlement to shares arising in respect of the Consideration Shares to be allotted and issued to Mr Amor (and, if relevant, any additional Purchaser Shares allotted and issued pursuant to Clauses 4.4.2 and/or 4.5.2) the number of shares shall be rounded down to the nearest whole number

4.7 Mr Amor shall not sell, transfer, assign or otherwise dispose of any of the Consideration Shares (including any additional Purchaser Shares, if relevant, issued pursuant to Clauses 4.4.2 and/or 4.5.2) for a period of One (1) year after their respective dates of issue. After the expiry of such respective periods, Mr

- Amor shall only dispose of the Consideration Shares (including additional Purchaser Shares, if any) in an orderly manner through the Purchaser's brokers
- 4.8 In preparing the 2003 and 2004 Audited Accounts for the purposes of this Agreement :-
- 4.8.1 account shall be taken of agreed office costs and administrative expenses including actual external audit costs, credit insurance, the cost of the Keyman Insurance referred in Clause 7.3.2 and direct legal fees to be borne by the Company; and
- 4.8.2 a tax rate shall be applied equal to the average rate payable by the Purchaser as shown in its audited accounts for the year ending 31 December 2002 in relation to the 2003 Accounts and for the year ending 31 December 2003 in relation to the 2004 Accounts

5. **CONDITION**

Completion is conditional upon :-

- 5.1 completion of the transfer of the Business to the Company (in the terms of the document annexed marked "B") including any approvals or consents for the assignment to the Purchaser of the benefit, subject to the burden, of the Business Contracts
- 5.2 the Sub-Agents entering, or agreeing to enter, into new contracts with the Company in agreed terms
- 5.3 the entry by the Hong Kong Company into the Revised Hong Kong Contract

6. **ACTION PENDING COMPLETION**

- 6.1 Between the date of this Agreement and Completion Mr Amor shall procure that (except with the prior written consent of the Purchaser) the Company shall :-
- 6.1.1 not create, allot, issue, acquire, repay or redeem any share or loan capital or agree, arrange or undertake to do any of those things or acquire or agree to acquire, an interest in a corporate body
- 6.1.2 operate its business in the usual way so as to maintain that business as a going concern

- 6.1.3 not acquire or dispose of, or agree to acquire or dispose of, an asset except in the usual course of its business or assume or incur, or agree to assume or incur, a liability, obligation or expense (actual or contingent) except in the usual course of its business
- 6.1.4 not make, or agree to make, any capital expenditure or incur, or agree to incur, a commitment or commitments involving any capital expenditure
- 6.1.5 not declare, pay or make a dividend or distribution
- 6.1.6 not pass a shareholders' resolution
- 6.1.7 not create, or agree to create, an Encumbrance over an asset
- 6.1.8 not enter into any long-term, onerous or unusual agreement, arrangement or obligation
- 6.1.9 not amend or terminate any significant agreement, arrangement or obligation to which it is a party
- 6.1.10 not give, or agree to give, a guarantee, indemnity or other agreement to secure, or incur financial or other obligations with respect to, another person's obligation
- 6.1.11 not start litigation or arbitration proceedings
- 6.1.12 conduct its business in all material respects in accordance with all applicable legal and administrative requirements in any jurisdiction
- 6.1.13 not make a payment out of a bank account except where the payment is in the usual course of its business and not make payments other than in the usual course of its business and not allow any bank account to be overdrawn
- 6.1.14 not sign or enter into any lease, tenancy or licence of any property

6.2 Mr Amor shall not and shall procure that the Company shall not do allow or procure any act or omission which would constitute a breach of any of the Warranties if they were given at any and all times from the date of this Agreement down to Completion or which would make any of the Warranties inaccurate or misleading if they were so given

6.3 From the date of this Agreement the Purchaser and its accountants and agents shall be allowed access to all books of account of the Company, and Mr Amor shall supply any information reasonably required by the Purchaser relating to the Company

7. COMPLETION

7.1 Date of Completion

Subject to the provisions of this Clause, Completion shall take place on 23rd May 2002 at the offices of the Purchaser's Solicitors

7.2 Vendors' Obligations

On Completion the Vendors shall :-

7.2.1 deliver or procure the delivery to the Purchaser of :-

7.2.1.1 One (1) or more duly executed transfers of the Sale Shares in favour of the Purchaser or its nominee together with the relative share certificate;

7.2.1.2 such waivers or consents as the Purchaser may require to enable the Purchaser or its nominee to be registered as holder of the Sale Shares; and

7.2.1.3 a power of attorney in respect of the Sale Shares in agreed terms

7.2.2 procure the passing of a resolution of the board of directors of the Company resolving to register the transfers referred to in Clause 7.2.1.1 subject only to stamping

7.2.3 procure the passing of a resolution of the board of directors of the Company resolving to change the Company's registered office to a place nominated by the Purchaser

- 7.2.4 procure the passing of a resolution of the board of directors of the Company resolving to change the Company's accounting reference date to 31 December
- 7.2.5 cause such persons as the Purchaser may nominate to be validly appointed as additional directors of the Company and/or the secretary of the Company and, upon appointment of the latter forthwith cause the secretary of the Company to retire from his office, delivering to the Purchaser a deed in agreed terms acknowledging that he has no claim outstanding for compensation or otherwise and without any payment under the Employment Rights Act 1996
- 7.2.6 procure revocation of all authorities to the bankers of the Company relating to bank accounts, giving authority to such persons as the Purchaser may nominate to operate the same
- 7.2.7 procure the resignation of J W Accountants as secretary of the Company in agreed terms annexed marked "C"
- 7.2.8 deliver to the Purchaser as agent for the Company all the statutory and other books (duly written up to date) of the Company and its certificate(s) of incorporation, common seal(s) and copies of the Memorandum and Articles of Association; and

7.3 Arrangements with Mr Amor

- 7.3.1 On Completion the Purchaser shall procure that the Company shall enter into the Commission Agreement with Mr Amor

- 7.3.2 On Completion Mr Amor shall procure that Keyman Insurance is obtained *for the*
period up to 31 October 2004 as soon as possible and in any event within 45 days on the life of Mr Amor *R*
for an amount of at least £500,000, the benefit of such policy being for the Company and the cost of such policy being borne by the Company after completion. In default of such insurance being available the terms of the letter annexed marked "D" shall apply

7.4 Purchaser's Obligations

On Completion the Purchaser shall satisfy the initial consideration for the Sale Shares in accordance with Clause 3 any payment in cash to be made by way of telegraphic transfer made payable to the Vendors' Solicitors whose receipt shall be an absolute discharge on behalf of the Vendors

7.5 Failure to Complete

If in any respect the preceding provisions of this Clause are not complied with on the date for Completion set out in Clause 7.1 the Purchaser may :-

- 7.5.1 defer Completion to a date not more than 28 days after the date set by Clause 7.1 (and so that the provisions of this Clause 7, apart from this Clause 7.5, shall apply to Completion as so deferred) or
- 7.5.2 proceed to Completion so far as practicable (without prejudice to its rights under this Agreement) or
- 7.5.3 if Completion is not unconditional for a reason outside the Purchaser's control, rescind this Agreement

8. CONDUCT OF THE BUSINESS AFTER COMPLETION

- 8.1 Commission ("Commission") of 3% of the net sales price paid for goods or supplies ("Product") provided by the Company or the Purchaser, as the case may be, shall be paid by each to the other as follows :-
 - 8.1.1 if the Purchaser sells the Company's Product to the Purchaser's Customers, Commission shall be paid by the Purchaser to the Company;
 - 8.1.2 if the Company sells the Purchaser's Product to the Company's Customers, Commission shall be paid by the Company to the Purchaser; and
 - 8.1.3 if the Company sells its Product to the Purchaser's Customers, the Commission shall be paid by the Company to the Purchaser
 - 8.1.4 if the Purchaser sells its Product to the Company's Customers, Commission shall be paid by the Purchaser to the Company
- 8.2 During the period commencing on Completion and ending on the date when the last item of Deferred Consideration falls to be paid whether or not any is payable the Company shall conduct only a business which is substantially similar to the Business as defined
- 8.3 After Completion the Company shall be permitted to obtain supplies for the conduct of its business from any source, including for the avoidance of doubt the Purchaser, the Purchaser's own suppliers and the Hong Kong Company

8.4 The Purchaser shall make available to the Company a facility of £25,000 for purposes to be agreed between the parties, bearing a rate of interest at the Purchaser's group borrowing rate from time to time

8.5 The Warrantor agrees to act as managing director of the Company without further remuneration other than as set out in the Commission Agreement during the period when any Deferred Consideration remains payable whether or not paid

9. **RESTRICTIONS**

9.1 **Covenants**

For the purpose of assuring to the Purchaser the full benefit of the Company and its business Mr Amor undertakes with the Purchaser that he will not :-

9.1.1 for the period commencing on Completion and ending Twelve (12) months after the date when the last item of Deferred Consideration falls to be paid whether or not any is payable, either on his own account or in conjunction with or on behalf of any person carry on, or be engaged, concerned or interested (directly or indirectly) in carrying on any activity or business which is substantially the same as the business (or any material part of the business) of the Company (other than as a holder of less than 5 per cent of any class of shares or debentures listed on the London Stock Exchange)

9.1.2 for the period commencing on Completion and ending Twelve (12) months after the date when the last item of Deferred Consideration falls to be paid whether or not any is payable, either on his own account or in conjunction with or on behalf of any person directly or indirectly solicit or entice away from the Company or seek to obtain orders from or do business with or encourage directly or indirectly another person to obtain orders from or do business with any person who is at the date of this Agreement or has at any time in the preceding Twelve (12) months been a customer of the Company

9.1.3 at any time after the date of this Agreement directly or indirectly use or attempt to use in the course of any business on his own account or in conjunction with or on behalf of any person any name, trade or service mark or logo (including the Intellectual Property Rights) used in the business of the Company or any other name, logo, trade or service mark which is or might be confusingly similar to the same or

9.1.4 at any time after the date of this Agreement do or say anything which may be harmful to the Company's reputation or which may lead a person to cease to deal with the Company on substantially equivalent terms to those previously offered or other reasonable commercial terms or at all

9.2 Other business

Without prejudice to anything contained in Clause 9.1 the Purchaser agrees that Mr Amor shall be permitted to continue to operate other businesses carried on by Mr Amor at Completion, namely Zero Inc Limited and Cat Design Inc Limited, provided that such operation does not in any way affect or interfere with the business of the Company and/or the obligations and commitments Mr Amor undertakes to fulfil under this Agreement and his Commission Agreement

9.3 Separate restrictions

Each restriction in Clause 9.1 constitutes an entirely separate and independent restriction on Mr Amor

9.4 Reasonableness

The restrictions contained in Clause 9.1 are considered reasonable by the parties, but in the event that any such restriction shall be found to be void but would be valid if some part were deleted, or the period or area of application reduced, such restriction shall apply with such modification as may be necessary to make it valid and effective

9.5 Confidentiality

The Vendors and the Purchaser shall not divulge to any third party (other than to the Vendors' professional advisers for the purpose of this Agreement in which case the Vendors shall use all reasonable endeavours to procure that such advisers keep such information confidential on terms equivalent to this Clause) any Confidential Information save only insofar as the same has lawfully become a matter of public knowledge otherwise than by reason of a breach of this Clause or its unlawful disclosure by any person or to the extent required by law

9.6 Acknowledgments

The Purchaser acknowledges that the Hong Kong Company retains the right to, and will continue to use, the "Globe" name in relation to any of its businesses and the Vendors acknowledge the right of the Company to continue to use the "Globe" name in relation to the Business during the term of the Agency Agreement between the Company and the Hong Kong Company

10. WARRANTIES

10.1 Warrantor's Warranties

The Warrantor warrants and represents to and for the benefit of the Purchaser and its successors in title in the terms set out in the Warranties that each Warranty is true, complete and accurate at the date of this Agreement

10.2 Warranties as at Completion

The Warrantor shall procure that the Warranties shall also be true, complete and accurate if repeated at the time of Completion and on the basis that any reference to the actual time of Completion is substituted for any express or implied reference to the time or date of this Agreement and on Completion the Warrantor shall be deemed to have repeated the same on such basis accordingly and the same shall have effect as if given accordingly at Completion as well as at the date of this Agreement

10.3 Reliance

The Warrantor acknowledges that the Purchaser is entering into this Agreement in reliance on the Warranties which have also been given as representations and with the intention of inducing the Purchaser to enter into this Agreement

10.4 Separate and Independent

Each Warranty is to be construed separately and independently and (save where this Agreement expressly provides otherwise) is not limited by any other provision of this Agreement or any other Warranty

10.5 Damages

Without restricting the rights of the Purchaser or the ability of the Purchaser to claim damages on any basis in the event that any of the Warranties is broken or proves to be untrue or misleading, the Warrantor shall, on demand, pay to the Purchaser :-

10.5.1 the amount necessary to put the Company into the position which would have existed if the Warranties had not been broken and had been true and not misleading and

10.5.2 the amount equal to the reduction in the value of the Shares in the Company resulting, directly or indirectly, from such breach together with, in either case, the amount of all reasonable costs and expenses incurred by the Purchaser and the Company directly or indirectly as a result of such breach (including for the avoidance of doubt and without limitation all

costs incurred in the bringing, settlement or enforcement of any claim against the Warrantor or any other person)

10.6 Further Disclosure by Warrantor

The Warrantor shall forthwith disclose in writing to the Purchaser any matter or thing which may arise or become known to the Vendor after the date of this Agreement which is inconsistent with or a breach of any of the Warranties or which might make any of them inaccurate or misleading if they were given at any and all times from the date of this Agreement down to Completion or which is material to be known to a purchaser for value of the Sale Shares

10.7 Right of Rescission

In the event of any such matter or thing as is mentioned in Clause 10.6 becoming known to the Purchaser before Completion or in the event of its becoming apparent on or before Completion that the Warrantor is or may at any time be in breach of any of the Warranties or any other term of this Agreement the Purchaser may rescind this Agreement by notice in writing to the Warrantor

10.8 Taxation

The Warrantor will indemnify the Purchaser against any liability to taxation in any jurisdiction arising on the Company in respect of the period to Completion

11. Limitation on Warrantor's Liability

11.1 Notwithstanding anything contained in this Agreement and without prejudice to any additional rights of the Warrantor:-

11.1.1 the aggregate liability of the Warrantor in respect of the Warranties shall not exceed the sum of £200,000 plus the value of the Consideration Shares issued or contracted to be issued in accordance with this Agreement, valued at the date the claim arises

11.1.2 the Purchaser shall not be entitled to make any claim against the Warrantor in respect of the Warranties unless the aggregate of all claims when taken together exceed £5,000 when the whole of such claims shall if established in an amount exceeding £5,000 be recoverable and not simply the excess;

11.1.3 the Warrantor shall have no liability in relation to the Warranties save in respect of bona fide claims in respect of which the Warrantor shall have received from the Purchaser a written notice containing adequate

particulars of the claims and the matter giving rise thereto on or before the second anniversary of this Agreement

11.1.4 the Purchaser shall reimburse to the Warrantor an amount equal to so much of any sum paid by the Warrantor in respect of a claim arising out of the Warranties as is subsequently recovered by or paid to the Purchaser by any third party (less the legal costs of any such recovery unless themselves recovered from the said third party) and in any event within fourteen days of such recovery or payment;

11.1.5 no claim shall be made against the Warrantor in relation to the Warranties in respect of any matter reasonably disclosed in the bundle of documents entitled "Outline Paper and Due Diligence Documents" dated 21st March 2002 provided to the Purchaser's Solicitors or disclosed in the details of recent new contracts and changes to existing contracts in respect of Monarch, Air Europa and Spanair provided to the Purchaser's Solicitors by facsimile letter dated 13th May 2002 and enclosed documents (collectively "the Disclosure Bundle")

11.1.6 if payment of any sum by the Warrantor in respect of the Warranties results or would result in a payment or refund of taxation or a supplement allowance or deduction for or in calculating the liability of the Purchaser to taxation then such lower amount shall be paid by the Warrantor so as to secure so far as possible that the resulting position of the Company is the same as it would have been had there been no circumstances giving rise to the relevant claim in respect of the Warranties;

11.1.7 any claim which may have been made against the Warrantor in relation to the Warranties shall (unless previously satisfied settled or withdrawn) be deemed to have been withdrawn at the expiration of two years from the date of the claim unless legal proceedings in respect thereof have been commenced against the Warrantor and for this purpose such legal proceedings shall not be deemed to have been commenced if the Warrantor shall be ordinarily resident outside the jurisdiction of the courts of England and Wales in which case the time limit in this sub-clause shall be extended by two years;

- 11.1.8 any amount paid by the Warrantor in respect of any claim in respect of the Warranties shall be deemed to constitute a reduction in the purchase consideration received by the Vendors pursuant to this Agreement.
- 11.2 The Warrantor shall not incur liability in relation to any of the Warranties or (as the case may be) his liability shall be reduced:-
- 11.2.1 to the extent that full provision or reserve in respect of such liability in question was specifically made in the 2001 Business Review; or
- 11.2.2 to the extent that the claim arises in respect of taxation because of a change in the nature of the trade or the cessation or reduction of trade by the Purchaser otherwise than as a result of breach of warranty by the Warrantor; or
- 11.2.3 to the extent that the claim arises out of any matter provided for under the terms of this Agreement or carried out in the implementation hereof, in either case at the request of the Purchaser; or
- 11.2.4 to the extent that the claim is based upon a liability of the Vendor which is contingent and such contingent liability has not become an actual liability and is discharged in full
- 11.3.1 No claim shall lie in respect of any of the Warranties to the extent that the subject matter giving rise to the claim is capable of remedy by or on behalf of the Warrantor unless the Purchaser shall first afford the Warrantor three months to remedy the matter complained of in a reasonable fashion and the breach has not been remedied by that time;
- 11.3.2 In the event of any claim being made against the Warrantor in relation to the Warranties the Purchaser shall or shall procure that the Company shall at the request of the Warrantor and subject to the Warrantor being responsible for the Company's professionals expenses take such action as may be reasonable to avoid, dispute, resist, appeal against, compromise or defend the claim or matter giving rise to the potential liability of the Warrantor thereunder and shall provide the Warrantor with all such information and shall do such things as the Warrantor may reasonably require subject to the signing of any confidentiality undertakings which the Purchaser may reasonably require) to enable the Warrantor to exercise his rights hereunder **PROVIDED ALWAYS** that notwithstanding the provisions of Clause 11.3.1

the Purchaser shall in particular take or procure to be taken appropriate steps in relation to any matter which gives or may give rise to a claim in relation to any of the Warranties and which is or may be covered under any policy of insurance now or hereafter maintained by the Company including making a claim on the insurers under such policy subject in any case to the Purchaser being indemnified to its reasonably satisfaction against all liabilities it may incur under this Clause;

11.3.3 If any claim is received by or any properly substantiated matter or circumstance comes to the attention of the Purchaser which reasonably appears to establish or evidence a breach of any of the Warranties and for which the Warrantor may be liable under the Warranties the Purchaser shall:-

11.3.3.1 as soon as reasonably practicable give written notice and full details thereof to the Warrantor; and

11.3.3.2 give the Warrantor's professional advisers at the Warrantor's expense reasonable access on reasonable notice to the Premises and personnel of the Purchaser and/or the Company (as the case may be) ("permitted access") to examine the relevant chattels, accounts, documents and records within the possession or control of the Purchaser and/or the Company provided that:-

11.3.3.2.1 the Warrantor shall and shall procure that their professional advisers shall keep confidential all matters so examined; and

11.3.3.2.2 the Warrantor shall and shall procure that the permitted access does not interfere with the Business.

11.4 At the option of the Warrantor, in the event that a claim under the Warranties is ascertained by agreement, negotiation or litigation :-

11.4.1 Prior to the allotment of shares referred to in Clause 4 and where such shares fall to be allotted the Purchaser agrees that it will first be satisfied by not allotting the number of shares otherwise remaining capable of allotment the value of which taken at the date of the claim equals the amount of the ascertained value of the claim;

11.4.2 After the allotment of shares referred to in Clause 4 the Purchaser agrees that it will allow the Warrantor to sell that number of shares necessary to satisfy the ascertained value of the claim notwithstanding the restriction in Clause 4.7 **PROVIDED ALWAYS THAT :-**

11.4.2.1 the Warrantor shall only dispose of such shares in an orderly manner through the Purchaser's brokers; and

11.4.2.2 the Purchaser has the right to defer the sale of such shares for a period of up to 6 months.

12. **MISCELLANEOUS**

12.1 **Assignment**

This Agreement shall be binding upon and enure for the benefit of the successors of the parties but shall not be assignable, save that the Purchaser may assign the benefit of this Agreement and/or the Warranties to any transferee of the share capital of the Company

12.2 **Whole Agreement**

This Agreement (together with any documents referred to in this Agreement) constitutes the whole agreement between the parties relating to its subject matter and no variations shall be effective unless made in writing and signed by the party against whom it may be enforced

12.3 **Agreement Survives Completion**

The Warranties and all other provisions of this Agreement, insofar as the same shall not have been performed at Completion, shall remain in full force and effect notwithstanding Completion

12.4 **Waiver**

12.4.1 Failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law shall not constitute a waiver of the right or remedy. No single or partial exercise of a right or remedy provided by this Agreement or by law shall prevent further exercise of the right or remedy or the exercise of another right or remedy

12.4.2 For the avoidance of doubt any right of rescission conferred by this Agreement on the Purchaser shall be in addition to and without prejudice to all other rights and remedies available to it and no exercise of or failure to exercise such a right of rescission shall constitute a waiver by the

Purchaser of any such other right or remedy. Completion shall not constitute a waiver by the Purchaser of any breach of any provision of this Agreement whether or not known to the Purchaser at the date of Completion

12.5 Further Assurance

At any time after the date of this Agreement the Vendors shall at the request of the Purchaser execute such documents and do such acts and things as the Purchaser may reasonably require for the purpose of vesting the Sale Shares in the Purchaser or its nominee and giving to the Purchaser the full benefit of all the provisions of this Agreement

12.6 Invalidity

If any provision of this Agreement shall be held to be illegal or unenforceable, the enforceability of the remainder of this Agreement shall not be affected

12.7 Counterparts

This Agreement may be executed in any number of counterparts, which shall together constitute one Agreement

12.8 Notices

Any notice required to be given under this Agreement shall be in writing in the English language and shall be served by sending the same by pre-paid first class post, or facsimile transmission or by delivering the same by hand, in the case of the Purchaser to its registered office and in the case of the Vendors to 12 The Riverside, East Molesey, KT9 9BF. Any notice sent by post, in accordance with this Clause 12.8, shall be deemed to have been served 48 hours after despatch and any notice sent by facsimile transmission, shall be deemed to have been served at the time of despatch and in proving the service of the same it will be sufficient to prove, in the case of a letter, that such letter was properly pre-paid, addressed and placed in the post and, in the case of a facsimile transmission, that such facsimile was duly despatched to a current facsimile number of the addressee

12.9 Proper Law and Jurisdiction

This Agreement shall be governed by, and construed in accordance with English law and the parties irrevocably submit to the non-exclusive jurisdiction of the English Courts in relation to this Agreement and its subject matter

13. ANNOUNCEMENTS

The Vendors and the Purchaser shall consult in respect of any announcement to be made by them or by the Company concerning the transaction referred to in this Agreement, other than announcements required to be made by the Purchaser by The London Stock Exchange in respect of the Consideration Shares. No such announcement shall be made, save as aforesaid, without the prior written consent of the other unless such announcement is required by The London Stock Exchange, by a court of competent jurisdiction or by any other competent authority or constitutes an announcement by the Purchaser concerning the affairs of the Purchaser's group generally

14. THIRD PARTY RIGHTS

The benefits of this Agreement are for the parties to this Agreement only and no third party shall acquire any rights hereunder and the provisions of the Contracts (Rights of Third Parties) Act 1999 are excluded

15. COSTS

15.1 Each party to this Agreement shall pay its own costs of and incidental to this Agreement and its subject matter

15.2 Mr Amor undertakes to the Purchaser that no legal, accounting or other professional fees relating to the negotiation, preparation, execution and performance by Mr Amor of this Agreement and each document referred to in it has been or will be incurred by the Company

AS WITNESS the hands of the parties the day and year first before written

SCHEDULE 1

Part 1: Particulars of the Company

Name	:	Globe Audio Limited
Registered Number	:	4396776
Date of Incorporation	:	18 March 2002
Business of Company	:	a sales agency for the sale of electronic headphones to airlines
Authorised Share Capital	:	£100 divided into 100 ordinary shares of £1 each
Issued Share Capital	:	3 ordinary shares of £1
Directors	:	John Howard Gilbert Amor and Peter A Slaymaker
Secretary	:	J W Accountants 99 Ancil Road, Tooting, London, SW17 7LT
Registered Office	:	99 Ansell Road, Tooting, London SW17 7LT
Accounting Reference Date	:	31 March

Part 2: Particulars of the Hong Kong Company

Name	:	Globe Audio Products Manufactory Limited
Registered Number	:	Hong Kong No. 296007
Date of Incorporation	:	8 January 1991
Business of Company	:	manufacturer of electronic headphones
Authorised Share Capital	:	HKD100,000.00
Issued Share Capital	:	HKD100,000.00
Directors	:	Lam Chan Kit Lin Teresa Lam Chi Ping Lam Hung San Hugh Simon Lam Suk Wei Serena Wendy
Secretary	:	Lam Chan Kit Lin Teresa
Registered Office	:	505-506 Worldwide Industrial Centre, 43-47 Shan Mei Street, Fotan Shatin NT Hong Kong

SCHEDULE 2

The Airlines

Air Europa

Air Plus Comet

Austrian Airways

British World Airways and successors

Esporta (through Premier Portfolio)

Fitness First plc

Futura Airlines

LTE International Airways

Iberworld Airlines

David Lloyd Leisure (through Premier Portfolio)

Premier Portfolio

Sorbelair

Spanair S.A.

Monarch Airlines

Maersk Airways

JMC Airlines

FB-Industries (Fitness company)

SCHEDULE 3
Airline Contracts
See attached

Subj: Re: Mavis: Help!!!
 Date: 02/03/02 05:56:00 GMT Standard Time
 From: mavisn@netvigator.com (Mavis Ng (Zero))
 Reply-to: mavisn@netvigator.com (Mavis Ng (Zero))
 To: NETROMA1@aol.com

OUTSTANDING QTYS AT 21/03/02

Dear Howard,

Trust you have received the outstanding O/C.
 There balance are shown below:

Our Ref.	Customer Name	Item	Balance
PS 4477	Air Europa	831	145000 (180,000 AS AT 21/3)
	LTE	837	25000 STAFF
PS 4948	Fitness First	851	110000
PS 3210	IBERWORLD	831	20000
PS 3814	Spanair	8H1	522500 522,500
PS 3521	Spanair	838	99000
PS 3522	Spanair	838	316000
PS 3523	Spanair	838	323000
PS 4917	Spanair	H79	25000
	RETURN	H 79	180,000
			1,500

Best Regards, *Francis Ng*
 Mavis

----- Original Message -----

From: NETROMA1@aol.com
 To: mavis@globeaudio.com
 Sent: Friday, March 01, 2002 4:45 PM
 Subject: Mavis: Help!!!

Subj: Contract details pls
 Date: 27/02/02
 To: mavis@globeaudio.com

Dear Mavis

Can you fax me copies of ALL current outstanding headphone contracts (your order confirmations), together with any updates/cust reqstd delays to the scheduled delays & outstanding qtys.

Rgds
 Howard

----- Headers -----

Return-Path: <mavisn@netvigator.com>
 Received: from rly-ye04.mx.aol.com (rly-ye04.mail.aol.com [172.18.151.201]) by air-ye04.mail.aol.com (v83.35) with ESMTP id MAILINYE41-0302005600; Sat, 02 Mar 2002 00:56:00 -0500
 Received: from imsmq06.netvigator.com (imsmq06.netvigator.com [208.167.231.42]) by rly-ye04.mx.aol.com (v83.35) with ESMTP id MAILRELAYINYE410-0302005537; Sat, 02 Mar 2002 00:55:37 -0500
 Received: (qmail 11955 invoked from network); 2 Mar 2002 05:55:35 -0000
 Received: from pcd184127.netvigator.com (HELO ims) (203.218.29.127) by imsmq06.netvigator.com with SMTP; 2 Mar 2002 05:55:35 -0000

02 March 2002 AOL: NETROMA1

Subj: **Air Europa headphones**
 Date: 21/03/02 16:52:09 GMT Standard Time
 From: noelscully@wanadoo.es (noelscully)
 To: NETROMA1@aol.com

Howard,

Madrid 25,000
 Tenerife 15,000
 Palma 5,00
 Increase on all outstanding deliveries by 15,000 units

NB can Globe start production of next delivery 30,000 + 15,000 right away.
 Noel

----- Headers -----

Return-Path: <noelscully@wanadoo.es>
 Received: from rly-xe05.mx.aol.com (rly-xe05.mail.aol.com [172.20.105.197]) by air-xe04.mail.aol.com (v83.45) with ESMTP id MAILINXE44-0321115209; Thu, 21 Mar 2002 11:52:09 -0500
 Received: from smtp.wanadoo.es ([62.37.236.141]) by rly-xe05.mx.aol.com (v83.45) with ESMTP id MAILRELAYINXE51-0321115200; Thu, 21 Mar 2002 11:52:00 -0500
 Received: from pavilion (62-36-105-81.dialup.uni2.es [62.36.105.81])
 by smtp.wanadoo.es (8.11.6/8.10.2) with SMTP id g2LGgpl11149
 for <NETROMA1@aol.com>; Thu, 21 Mar 2002 17:42:51 +0100 (MET)
 Message-ID: <003201c1d0f8\$6e1c4da0\$5169243e@pavilion>
 From: "noelscully" <noelscully@wanadoo.es>
 To: <NETROMA1@aol.com>
 Subject: Air Europa headphones
 Date: Thu, 21 Mar 2002 17:49:54 +0100
 MIME-Version: 1.0
 Content-Type: multipart/alternative;
 boundary="====_NextPart_000_002F_01C1D100.CF38DCE0"
 X-Priority: 3
 X-MSMail-Priority: Normal
 X-Mailer: Microsoft Outlook Express 5.00.2615.200
 X-MimeOLE: Produced By Microsoft MimeOLE V5.00.2615.200



環球音響製品廠有限公司

GLOBE AUDIO PRODUCTS MANUFACTORY LTD.

505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET,
STTL 137, FOTAN, SHATIN, N.T., HONG KONG
TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

To: Air Europa Lineas Areas S.A.U.

(REVISED)

Centro Empresarial Globalia

22-03-2002

Apto. Correos - P. O. Box 132

07620 Llucmajor

Mallorca, Balearic Islands, Spain

Attn: MS Amparo Casanova

Fax: 34 971 178142

Date: 22-03-2002

ORDER CONFIRMATION

Quantity	Description	Cost Price
240,000	LST-831 STEREO HEADPHONE (ALL BLACK)	USD 0.53/pc
(Within 12 Month)	(WHITE "Air Europa" LOGO ON EARPIECE, 32 OHM SPEAKER) IN CLEAR HEATSEAL POLYBAG W/BLACK Air Europa LOGO & WORDS	(door to door) (by seafreight)

SHIPPING SCHEDULE

1 st shipment	2 nd shipment	3 rd shipment	4 th shipment	5 th shipment	6 th shipment
15K -- Madrid	15K -- Madrid	30K -- Madrid	30K -- Madrid	30K -- Madrid	30K-Madrid
5K -- Palma	5K -- Palma	5K -- Palma	5K -- Palma	5K -- Palma	5K -- Palma
10K -- Tenerife	10K -- Tenerife	10K -- Tenerife	10K -- Tenerife	10K -- Tenerife	10K-Tenerife
FINISHED	FINISHED	ASAP	Middle of May 2002	Middle of July 2002	Middle of Sept 2002

Shipment monthly or as your agreed schedule (All addresses as previous contract).

Payment terms: Net 30 Days From Invoice Date

** Note: We have the right to hold up the order in case of overdue invoice not being settled.

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

Signed for and on
(Air Europa)

Cert No. 57449



Cert No. 57449

香港沙田大嶺山尾街43號至47號137號地盤環球工業中心505至506室

電話: 2602 6360

圖文傳真: 852 2603 1049

13A

Subject: Air Europa payment & qty increase
Date: 22/03/02 08:44:04 GMT Standard Time
From: NETROMA1
To: mavis@globeaudio.com
Cc: tiffany@globeaudio.com

Dear Mavis

URGENT CONTRACT - QTY INCREASES

With immediate effect, pls INCREASE the O/S monthly shipments from 30,000 pcs/mth to 45,000 pcs/month, with the additional 15,000 going to Madrid, as follows:-

Remaining March, May, Jly & Sept shipments must now be as follows:-

15,000 to Madrid
15,000 to Tenerife
15,000 to Palma

Please confirm TOME all OK. You can send a new O/C, if necessary, by fax, to Ms Amparo Casanova on fax no 94 97 178142.

Yours
David AMOR

Subj: RV: AUMENTO ENVIO AURICULARES -VC
 Date: 21/03/02 16:53:38 GMT Standard Time
 From: noelscully@wanadoo.es (noelscully)
 To: NETROMA1@aol.com

----- Original Message -----

From: Amparo Casanova <acasanova@air-europa.com>
 To: <NoelScully@wanadoo.es>
 Cc: <millorente@air-europa.com>; <vtb@air-europa.com>;
 <acapdevila@air-europa.com>
 Sent: Thursday, March 21, 2002 6:08 PM
 Subject: AUMENTO ENVIO AURICULARES -VC

> Buenas tardes Noel,

>

> Agradecere que en los proximos envios se aumente la dotacion de
 auriculares

> Haciendo las cantidades totales como sigue:

> MAD: ~~25.000~~ 30,000 (By phone 21/3/02)

>

> TFN: 15.000

>

> PMI: 5.000

>

> Ya que con estas nuevas cantidades vamos a terminar con mas prontitud los

> plazos que teniamos establecidos por contrato, agradecere que sobre

> Junio-Julio te pongas en contacto con Marivi para la negociacion
 siguiente.

>

> Muchas gracias por tu colaboracion

>

> Saludos cordiales

> Amparo Casanova

>

>



----- Headers -----

Return-Path: <noelscully@wanadoo.es>

Received: from rly-yb03.mx.aol.com (rly-yb03.mail.aol.com [172.18.146.3]) by air-yb04.mail.aol.com (v83.45)
 with ESMTP id MAILINYB43-0321115338; Thu, 21 Mar 2002 11:53:38 -0500

Received: from smtp.wanadoo.es ([62.37.236.141]) by rly-yb03.mx.aol.com (v84.10) with ESMTP id
 MAILRELAYINYB35-0321115324; Thu, 21 Mar 2002 11:53:24 -0500

Received: from pavilion (62-36-105-81.dialup.uni2.es [62.36.105.81])
 by smtp.wanadoo.es (8.11.6/8.10.2) with SMTP id g2LGiDI11275
 for <NETROMA1@aol.com>; Thu, 21 Mar 2002 17:44:13 +0100 (MET)

Message-ID: <003d01c1d0f8\$9f2edd40\$5169243e@pavilion>

From: "noelscully" <noelscully@wanadoo.es>

To: <NETROMA1@aol.com>

Subject: RV: AUMENTO ENVIO AURICULARES -VC

Date: Thu, 21 Mar 2002 17:51:17 +0100

MIME-Version: 1.0

Content-Type: text/plain;
 charset="iso-8859-1"

Content-Transfer-Encoding: 7bit

X-Priority: 3

X-MSMail-Priority: Normal

X-Mailer: Microsoft Outlook Express 5.00.2615.200

X-MimeOLE: Produced By Microsoft MimeOLE V5.00.2615.200

22 March 2002 AOL: NETROMA1

18.OCT'91 10:49

0044 20 8873 2961 P.1

DANIELA MAGLIZIO &
ALAN. ANTONIO CARMONA 08/19/01.

DANIELA MAGLIZIO/DANIELA

10/10/01 URGENT

CABLE UNIT MODIFIED AS 20570 - AS CMO

REPEAT FAX

GLOBE AUDIO PRODUCTS MANUFACTORY
38-38A WORLDWIDE INDUSTRIAL CENTRE, 4/F, 12A
577L ST, POTONGER, SINGAPORE 12, SINGAPORE
TEL: 262 006 (S-4000) FAX: 262 006 V

ATTN:

MAVIS.

To: Air Europa Líneas Aéreas S.A.U.
Centro Empresarial Globalia
Apdo. Correos - P. O. Box 132
07600 Llorenç del
Mar, Mallorca, Islas Baleares, Spain

To: Howard

02 MAR 2002

Attn: MRS M-V LLORENTE

Fax: 34 971 178142

Date: 04-10-2001

ORDER CONFIRMATION

Quantity	Description	Cost Price
180,000	LST-331 STEREO HEADPHONE (ALL BLACK)	USD 0.53/pc
(Within 12 Month)	(WHITE "Air Europa" LOGO ON EARPiece, 32 OHM SPEAKER) IN CLEAR HEATSEAL POLYBAG W/BLACK Air Europa LOGO & WORDS	(door to door) (by seafreight)

SHIPPING SCHEDULE Ex-HK ADD 4 WKS TO SPAIN					
1st shipment	2nd shipment	3rd shipment	4th shipment	5th shipment	6th shipment
15K - Madrid	15K - Madrid	15K - Madrid	15K - Madrid	15K - Madrid	15K - Madrid
5K - Palma	5K - Palma	5K - Palma	5K - Palma	5K - Palma	5K - Palma
10K - Tenerife	10K - Tenerife	10K - Tenerife	10K - Tenerife	10K - Tenerife	10K - Tenerife
5 WEEKS AFTER confirmation (FROM HQ)	MID - JANUARY 2002 ARRIVES SPAIN - MID FEB.	MID - MARCH 2002 ARRIVES SPAIN - MID APRIL	MID - MAY 2002 ARRIVES SPAIN - MID JUNE	MID - JULY 2002 ARRIVES SPAIN - MID AUGUST	MID - SEPTEMBER 2002 ARRIVES SPAIN - MID OCTOBER

mid NOV.
mid DEC.
mid DEC.

(All addresses as previous contract)

Payment term: Net 30 Days From Invoice Date

** Note: We have the right to hold up the order in case of overdue invoices not being settled.

For and on behalf of:

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

Signed for and on behalf of
(Air Europa)

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

2/F, 12A, 577L ST, POTONGER, SINGAPORE 12, SINGAPORE

18/10 2001

2001

0044 20 8873 2961

10/10/01 URGENT



環球音向製品廠有限公司
GLOBE AUDIO PRODUCTS MANUFACTORY LTD.
205-206, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET,
STYL 137, POTAN, SHATIN, N.T., HONG KONG
TEL: 2602 6360 (S-line) FAX: 852-2803 1049

To: Howard

02 MAR 2002

To: Spanair Building
Aeropuerto Palma De Mallorca, Spain
Attn: Mr Jaime Jaume / Ms Live Aasheim
Fax: 34 971 49 22 53
Date: 01-06-2001

REVISED
01-06-2001

ORDER CONFIRMATION

Quantity Description

Cost Price

125,500 LST-838 Headphone (all black) (27mm 300 Ohms
speaker, single 3.5mm pin plug, white "Spanair"
logo on sidearm, in heatseal polybag

USD 0.39
(CIF SPAIN
PALMA)
(BY SEA)

Shipment

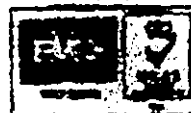
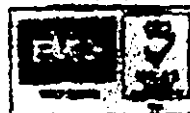
21000 pcs - Finished	33000 pcs - Jan 2002	62500 pcs - Oct 2002
21000 pcs - Finished	33000 pcs - Feb 2002	33000 pcs - Nov 2002
62500 pcs - June 2001	33000 pcs - March 2002	33000 pcs - Dec 2002
62500 pcs - July 2001	33000 pcs - April 2002	33000 pcs - Jan 2003
62500 pcs - August 2001	62500 pcs - May 2002	33000 pcs - Feb 2003
62500 pcs - Sept 2001	62500 pcs - June 2002	33000 pcs - March 2003
62500 pcs - Oct 2001	62500 pcs - July 2002	33000 pcs - April 2003
33000 pcs - Nov 2001	62500 pcs - Aug 2002	
33000 pcs - Dec 2001	62500 pcs - Sept 2002	

Payment terms: 45 days after shipment

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

(Mr Lam)

Signed for and on behalf of
(Spanair)


Cart No. 7449

Cart No. 5749

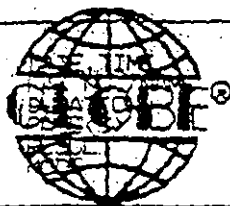
香港沙田大圍山尾路43號及47號137號地盤樓上室中4505及506室
電話: 2602 6360 圖文傳真: 852 2803 1049

2-JUN-2001 13:35 FROM: GLOBE 26021849

TOTAL P.06

TRANSMISSION VERIFICATION REPORT

TIME : 27/11/2008 17:49



環球音響製品廠有限公司

GLOBE AUDIO PRODUCTS MANUFACTORY LTD.

305-306, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET.

STTL 137. POTAN, SHASTAN, HONG KONG

TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

o: Iberworld

atn: Mr Alberto Menendez

ix: 34 971 713184

ate: 06-11-2000

To: Howard

02 MAR 2002

ORDER CONFIRMATION

<u>Quantity</u>	<u>Description</u>	<u>Cost Price</u>
120 000	LST-831 Stereo Headphone 32 ohms, 1.2 meter wire, 3.5mm L-pin plastic with white colour logo In clear heatseal polybag	USD 0.6297/PC (C&F) (Door to Door Madrid) (by seafreight)

Shipment : 20,000 – 27th Dec 2000

20,000 - 27th Feb 2001

20,000 - 27th Apr 2001

20,000 - 27th Jun 2001

20,000 - 27th Aug 2001

20,000 - 27th Oct 2001

Shipping Date From HK

Payment terms: 30 days after shipment

For and on behalf of

GLOHE AUDIO PRODUCTS MANUFACTORY LIMITED

(Mrs Lam)

STANDARD
OK
10
08:01:34
J1 SWINS
27/11 16:41

Signed for and on behalf of

(Overworld)

THE WORLD

Comité de la Escuela
12 PALMA DE ISLA
471 2291-1



TRANSMISSION VERIFICATION REPORT

~~U.S. CUSTOMER COMPANY 712 : (08) 111-8600 : 27.NOV.2000~~

9180N 00900:01

2.500



環球音響製品廠有限公司

GLOBE AUDIO PRODUCTS MANUFACTORY LTD.

505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET.

STTL 137, FOTAN, SHATIN, N.T., HONG KONG

TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

To: FITNESS FIRST CLUBS LTD

Attn: JEREMY RICHARDSON

Fax: 44 1202 683510

Date: 21-02-2002

ORDER CONFIRMATION

02 MAR 2002

To = Howard

Quantity DescriptionCost Price

110,000 LST-851(Imac "red" H-band, Imac "blue" Pls arm,
Imac "Clear" cord & earpieces) In Heatseal blister
card packing, pls & blister card w/ "FITNESS FIRST"
logo (NEW artwork)

£ 0.76/PC
(door to door
seafreight)

YOUR PURCHASE ORDER NO: 100514

Shipment: 45 DAYS AFTER SAMPLE APPROVED

Payment terms: Net 30 days from invoice date

PS 4948

851B - F703

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

Signed for and on behalf of
(FITNESS FIRST)

香港沙田火炭山尾街43號至47號137號地盤環球工業中心505至506室

電話: 2602 6360

圖文傳真: 852 2603 1049



Cert No. 57449



Cert No. 57449



環球音响製品廠有限公司
GLOBE AUDIO PRODUCTS MANUFACTORY LTD.
505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET.
STTL 137, FOTAN, SHATIN, N.T., HONG KONG
TEL: 2602 6360 (S-lines) FAX: 852-2603 1049

To: Spanair Building
Aeropuerto Palma De Mallorca, Spain
Attn: Mr Jaime Jaume / Ms Live Aasheim
Fax: 34 971 49 22 53
Date: 29-12-2000

To = Howard Amor

02 MAR 2002

ORDER CONFIRMATION

8H1 01C

Quantity Description

Cost Price

660,000 8P1 Headphone (Black headband ,
27mm 300 Ohms speaker , single 3.5mm pin
plug, 2 colours "Spanair" logo on earpiece) in
heatseal polybag
USD 0.58/PC
(CIF SPAIN
PALMA)
(BY SEA)

Shipment : 27,500 PCS SHIP EACH MOUTH TOTAL 660,000

REVISED 01C

500,000 LST-838 Headphone (all black) (27mm 300 Ohms
speaker, single 3.5mm pin plug , white "Spanair"
logo on sidearm . in heatseal polybag
USD 0.39 01-06-01
(CIF SPAIN
PALMA)
(BY SEA)

Shipment : 21,000 PCS SHIP EACH MOUTH TOTAL 500,000

Payment terms: 45 days after shipment

Contract period is 24 months from date of 1st shipment

For and on behalf of
GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

(Mr Lam)

Signed for and on behalf of
(Spanair)



Cert No. J7449



Cert No. J7449



環球音響製品廠有限公司
 GLOBE AUDIO PRODUCTS MANUFACTORY LTD.
 505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET,
 STTL 137, FOTAN, SHATIN, N.T., HONG KONG
 TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

To: LTE INTERNATIONAL AIRWAYS
 C/. DEL TER, 27, 1ST FLOOR
 POLIGONO SON FUSTER
 07009 PALMA DE A MALLORCA SPAIN

To: Howard

02 MAR 2002

Attn: MS. VERONIC DOREARD

Fax: 34 971 475700

Date: 31-01-2002

ORDER CONFIRMATION

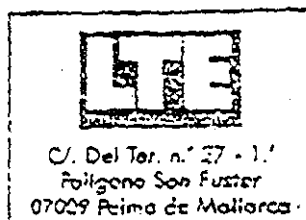
Quantity	Description	Cost Price
25000	H-79 HEADPHONE (SINGE 3.5MM PIN, 32 OHMS SPEAKER, MID TO DARK GREY CLIP-ON SIDEPICES) IN CLEAR HEATSEAL POLYBAG, POLYBAG & PLASTIC WITH ONE COLOUR "LTE INTERNATIONAL AIRWAYS" LOGO	USD 0.43/PC (DOOR TO DOOR PALMA) (By seafreight)

SHIPMENT: 30 DAYS AFTER APPROVED SAMPLE

Payment terms: Net 30 Days From Invoice Date

For and on behalf of

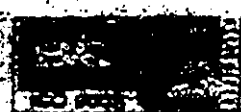
GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED



D. Del Ter 31/01/2002

Signed for and on behalf of
 (LTE INTERNATIONAL AIRWAYS)

FM-03014 (2.1)



Cart No. 57449

Cart No. 57449

香港沙田大馬路43號至47號137號地盤環球音響製品廠有限公司505至506室

電話: 2602 6360 圖文傳真: 852 2603 1049



環球音響製品廠有限公司
GLOBE AUDIO PRODUCTS MANUFACTORY LTD.
505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET,
STTL 137, FOTAN, SHATIN, N.T., HONG KONG
TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

Futura

Gran Via Asima, 17. 07009 Plama De Mallorca

Spain

: Mr. Toni Mas

34 971 492560

: 21-03-2002

To: Howard
Note

HE MUST SIGN/FAX
BAC

ORDER CONFIRMATION

Quantity	Description
10,000	H-79 HEADPHONE (DOUBLE PIN, 27MM 32 OHMS SPEAKER, "FUTURA" LOGO ON EARPIECE, MID TO DARK GREY CLIP-ON SIDEPieces) IN CLEAR HEATSEAL POLYBAG

Cost Price
USD 0.42/PC
(DOOR TO DOOR
TENERIFE)

SHIPMENT: 40-50 DAYS AFTER CONFIRMATION

Payment terms: Net 30 Days From arrival in TFS

for and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

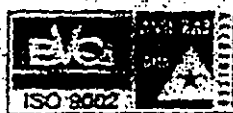
(Mr Lam)

Signed for and on behalf of
(Futura)

4-03014 (2.0)



Cart No. 37449



Cart No. 37449

18'd 7101

FAX FAO Howard -

11/03/02

(forced continuation to Globe)



環球音響製品廠有限公司

GLOBE AUDIO PRODUCTS MANUFACTORY LTD.

305-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET.

STTL 137, FOTAN, SHATIN, N.T., HONG KONG

TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

PO 343

To: Premier Portfolio

Attn: Mr Kevin Walsh

Fax: 44 1794 521324

Date: 08-03-2002

ORDER CONFIRMATION

Quantity DescriptionCost Price

1,000 LST-851 Stereo Headphone (trans, white band)
 "DAVID LLOYD" logo on plastic, In heatseal
 blister card packing.

£ 0.705/PC

Artwork Film & Mould Handling Fee GBP 32.00.

Shipment: 4 weeks after confirmation (from HK)

Payment terms: Net 30 days from invoice date

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

(Mrs Lam)

Signed for and on behalf of

(Premier Portfolio)



Cert No. 57449



Cert No. 57449

香港沙田大圍山尾街43號及47號137號地盤廠區工業中心605至606室

電話: 2602 6360

圖文傳真: 852 2603 1048

18'd

11-03-2002 16:12



環球音響製品廠有限公司
GLOBE AUDIO PRODUCTS MANUFACTORY LTD.

To: LTE INTERNATIONAL AIRWAYS
C/ DEL TER, 27, 1ST FLOOR
POLIGONO SON FUSTER
07009 PALMA DEA MALLORCA SPAIN

Attn: MS. VERONICA DORNHARD

Fax: 34 971 478874

Date: 31-01-2002

10221
VERONICA
18/3/02
SHIPPED

ORDER CONFIRMATION

Quantity	Description	Cost Price
25000	H-79 HEADPHONE (SINGE 3.5MM PIN, 32 OHMS SPEAKER, MID TO DARK GREY CLIP-ON SIDEPieces) IN CLEAR HEATSEAL POLYBAG, POLYBAG WITH ONE COLOUR "LTE INTERNATIONAL AIRWAYS" LOGO	USD 0.43/PC (DOOR TO DOOR PALMA) (By seafreight)

SHIPMENT: 30 DAYS AFTER APPROVED SAMPLE

Payment terms: Net 30 Days From Invoice Date

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

[Signature]

Signed for and on behalf of
(LTE INTERNATIONAL AIRWAYS)

FM-03014 (2.0)



Cert No. 57449



Cert No. 57449

TOTAL P. 01

From: H. AMOR

MARCELLA P1/4

Subj: RV: AURICULARES NUEVA PROGRAMACION
Date: 03/05/02 11:24:29 GMT Daylight Time
From: noelscully@wanadoo.es (noelscully)
To: NETROMA1@aol.com

NEW SPANAIR SCHEDULE

— Original Message —

From: Jaime Jaime <jjaime@spanair.es>
To: <noelscully@wanadoo.es>
Cc: Adin Alfredo <aadin@spanair.es>; Maroto María <mmaroto@spanair.es>;
Villalobos Angeles <avillalobos@spanair.es>
Sent: Friday, May 03, 2002 10:51 AM
Subject: AURICULARES NUEVA PROGRAMACION

- > Buenos días Noel,
- >
- > Tomando en cuenta el contrato con GLOBE AUDIO existente, actualmente nos
- > faltan por consumir las siguientes cantidades:
- >
- > AURICULARES DE TURISTA
- >
- > -738.000,- Unidades LST-838 (cambia de modelo) que se entregaran de la
- > siguiente forma:
- >
- > DICIEMBRE-ENERO 2002/03: 33.000,-Unidades modelo ANTIGUO
- >
- > FEBRE RO-MARZO 2003: 20.000,-Unidades apartir de esta entrega sera
- > modelo NUEVO
- >
- > ABRIL-MAYO 2003: 20.000,-Unidades
- >
- > JUNIO-JULIO 2003: 35.000,-Unidades
- >
- > AGOSTO-SEPTIEMBRE 2003 35.000,-Unidades
- >
- > OCTUERE-NOVIEMBRE 2003 45.000,-Unidades
- >
- > ENERO 2004: 80.000,-Unidades
- >
- > FEBRE RO 2004: 80.000,-Unidades
- >
- > MARZO 2004: 80.000,-Unidades
- >
- > ABRIL 2004: 80.000,-Unidades
- >
- > MAYO 2004: 80.000,-Unidades
- >
- > JUNIO 2004: 80.000,-Unidades
- >
- > JULIO 2004: 70.000,-Unidades
- >
- > AURICULAR DE AVANT
- >
- > 522.000,-Unidades 8P1
- >
- > De estos auriculares seria a razon de 20.000unidades cada dos meses desde
- > Diciembre-2003 hasta la finalizacion de Stock.
- >
- > Queremos que tengais en cuenta que todas estas cantidades pueden sufrir
- > variaciones de pidiendo de la ampliacion de la Flota Airbus.
- > Slds
- > Jaime

03 May 2002 AOL: NETROMA1

13/05 '02 13:40 FAX

07 May 02 10:14

15-APR-2002 16:58 FROM: GLOBE 25831849

BLAKE-TURNER & CO

00442088732961

TO: HOWARD

0004

P:1 P-2

ATTN: Mr. CHALMERS

PART NEW MONARCH CONTRACT P2/4



環球音響製品廠有限公司
GLOBE AUDIO PRODUCTS MANUFACTORY LTD.
505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET,
STTL 137, FOTAN, SHATIN, N.T., HONG KONG
TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

TO: Monarch Airlines Limited
London Luton Airport
Luton Beds LU2 9NU England

To: Howard

ATTN: Mr. Adrian Chalmers

FAX: 0044 1582 411004

DATE: 10-04-2002

ORDER CONFIRMATION

REMINDER

15 APR 2002
COST PRICE

QUANTITY DESCRIPTION

100,000 H-79 27mm 300 Ohms speaker, blk h-band, earpieces USD 0.50/PC
& foam earpads, dark grey clip-on-side-pieces with (DOOR TO DOOR)
Monarch in white, 2 pin plug, 1.2MT twin wire cord, (BY SEAFREIGHT)
In clear heatseal polybag (without logo)


60,000 ZH-802 27mm 300 Ohms speaker, dark grey h-band USD 0.696 /PC
& sidearms, black earpieces & foam earpads. (DOOR TO DOOR)
Domed silver earpiece centre w/ 2 tone Monarch logo (BY SEAFREIGHT)
In black and dark grey.
N.B. the dark grey col. Of the logo must be approx 50%
TINT of the black part.
Size of the logo on THIS model only must be 15mm from
Top right to bottom left of logo.
2 pin plug, 1.2M twin wire cord, Clear heatsealed polybag

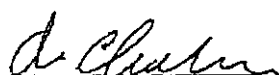
SHIPMENT : 45 DAYS AFTER SAMPLE APPROVED (FROM HK)

PAYMENT TERMS: NET 30 DAYS FROM RECEIPT OF GOODS

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED


(MR. LAM)


Signed for and on behalf of
(Monarch Airlines Limited)

香港沙田火炭山尼路43號至47號137號地盤環球工業中心505至506室
電話: 2602 6360 國文傳真: 852 2603 1049



Cert No. 57449



Cert No. 57449

13/05 '02 13:40 FAX

BLAKE-TURNER & CO

0005

07 May 02 10:15

00442088732961

P. 3

25/04/2002 17:43 26031849

GLOBE

PAGE 01/21

FROM: Andrew Wright

PHONE NO.: 00 44 1188 745404

Apr. 25 2002 08:46AM F

To: Rm 4130
 Attn: Mr. Howard Angus

ATTN: MARCELLO
 PART NEW MONARCH CONTRACT

GLOBE AUDIO

ISO 9002 ACCREDITED

Monarch Airlines Limited
 London Luton Airport
 Luton Beds LU2 9NU England

Attn: Mr Adrian Chishmore
 Tel: 0044 1582 398136
 Fax: 0044 1582 411004

ADDITIONAL HEADPHONES CONTRACTDates: 5th April 2002SUPPLY TERMS:-

Delivery Terms: Delivered Door to Door, Duty Unpaid to Blackburn Aviation, 106, Provost Way, Luton Airport, Beds, England
Payment Terms: Net 30 days from receipt of goods
Flexibility: Reschedule of each delivery date or quantity by giving 6 weeks notice of change to delivery schedule.

Total Qty	Model	Description	Cost Price/pc
240,000 pcs	H-79	27mm, 300 Ohms speaker, black headband, earpieces and foam earpads, dark grey clip-on side-pieces, with Monarch logo in white. 2 pin plug. 1.2m cord. Clear heatsealed polybag	US\$0.50
60,000 pcs	ZH-80-3	27mm, 300 Ohms speaker, dark grey headband, black sidearms, earpieces & foam earpads. Silver earpiece centre with 2 tone Monarch logo in black and dark grey. 2 pin plug. 1.2m cord. Clear heatsealed polybag.	US\$0.696

Don't earpiece centre
 shd be -2

DELIVERY SCHEDULE:-

Model	Qty	Approx. Shipment Date - ex-Hong Kong	Approx. Delv Date - UK
H-79	70,000 pcs	1st July 2002	1st Aug 2002
	60,000 pcs	15th Aug 2002	15th Sept 2002
	50,000 pcs	1st Oct 2002	1st Nov 2002
	25,000 pcs	1st Dec 2002	5th Jan 2003
	35,000 pcs	1st Feb 2003	1st Mar 2003
ZH-80-3	25,000 pcs	1st July 2002	1st Aug 2002
	15,000 pcs	15th Aug 2002	15th Sept 2002
	10,000 pcs	1st Oct 2002	1st Nov 2002
	5,000 pcs	1st Dec 2002	5th Jan 2003
	5,000 pcs	1st Feb 2003	1st Mar 2003

Signed for and on behalf of
 GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

Signed for and on behalf of
 MONARCH AIRLINES LIMITED

GLOBE AUDIO LTD

11 Light Bulb Drive, 12 The Riverside, East Molesey, Surrey, KT8 9EF, England. T: +44 202 878 7505 F: +44 202 873 2941

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

Head Office: 507-088 Worldwide Ind. Ctr., 43-46 Shau Kei St., Tsim Sha Tsui, Hong Kong T: +852 26026300 F: +852 2609 1049
 Factory: Xingli Industrial Area, Huangshan, Dongguan, China T: +86 769 2484 186-18 F: +86 769 2404 189

AMN: MANCILLA P4/4

NHAN AIR EUROPA SCHEDULE



環球音響製品廠有限公司

GLOBE AUDIO PRODUCTS MANUFACTORY LTD.

505-506, WORLDWIDE INDUSTRIAL CENTRE, 43-47 SHAN MEI STREET,

STYL 137, FOTAN, SHATIN, N.T., HONG KONG

TEL: 2602 6360 (5-lines) FAX: 852-2603 1049

To: Air Europa Lineas Areas S.A.U.

(REVISED)

Centro Empresarial Globalia

03-05-2002

Apto. Correos - P. O. Box 132

07620 Lluçmajor

Mallorca, Balearic Islands, Spain

Attn: MS Amparo Casanova

Fax: 34 971 178142

Date: 03-05-2002

ORDER CONFIRMATION

Quantity:	Description	Cost Price
360,000	LST-831 STEREO HEADPHONE (ALL BLACK)	USD 0.53/pc
(Within 12 Month)	(WHITE "Air Europa" LOGO ON EARPIECE, 32 OHM SPEAKER) IN CLEAR HEATSEAL POLYBAG W/BLACK Air Europa LOGO & WORDS	(door to door) (by seafreight)

SHIPPING SCHEDULE					
1 st shipment	2 nd shipment	3rd shipment	4 th shipment	5 th shipment	6 th shipment
15K - Madrid	15K - Madrid	30K - Madrid	60K - Madrid	60K - Madrid	60K - Madrid
5K - Palma	5K - Palma	5K - Palma	5K - Palma	5K - Palma	5K - Palma
10K - Tenerife	10K - Tenerife	10K - Tenerife	20K - Tenerife	20K - Tenerife	20K - Tenerife
FINISHED	FINISHED	FINISHED	Middle of May 2002	Middle of July 2002	Middle of Sept 2002

Shipment monthly or as your agreed schedule (All addresses as previous contract)

Payment terms: Net 30 Days From Invoice Date

** Note: We have the right to hold up the order in case of overdue invoice not being settled.

For and on behalf of

GLOBE AUDIO PRODUCTS MANUFACTORY LIMITED

工廠地址: 香港沙田新街43號及47號137號地庫環球工業中心505及506室

電話: 2602 6360 圖文傳真: 852 2603 1049



Cert No. 57449



Cert No. 57449

SCHEDULE 4**Sub-Agents**

Name of Sub-Agent and address	Territory	Products	Commission	Period
Noel Scully Paseo Martimo 37-1A 07014 Palma de Mallorca, Spain	Spain & Other Airlines by written agreement	Airline Passenger Headphones	Variable by Transaction	Until 1 st June 2004
Andrew Wright Copyhold Farm Cottage, Southend Road, Bradfield, Berks, RG7 6HA	Any Airlines mutually agreed in writing	Airline Passenger Headphones	Variable by Transaction	Until 1 st June 2004
Premier Portfolio International Limited Kevin Walsh Andrew Webster 19 Premier Way, Abbey Park Industrial Estate, Romsey, SO51 9AQ	Sports clubs, gymnasium clubs and specific Airlines by mutual agreement from time to time	Sports headphones and Airline headphones to Airlines agreed in writing	Variable by transaction	Until 1 st June 2004

SCHEDULE 5
Warranties and Representations

1. THE VENDOR

1.1 The Sale Shares

The Vendors are the legal and beneficial owners of the Sale Shares and will at Completion have the right title and power to sell and transfer or procure the transfer of the Sale Shares to the Purchaser in accordance with the provisions of this Agreement

1.2 Liabilities owing to or by Vendors

There is not outstanding any indebtedness or other liability (actual or contingent) owing by the Company to the Vendors nor is there any indebtedness owing to the Company by the Vendors

2. CONSTITUTION OF THE COMPANY

2.1 Share Capital

Part 1 of Schedule 1 contains true particulars of the Company including the authorised and issued share capital of the Company and the Company has not allotted any shares other than the Sale Shares and the Sale Shares are fully paid and free from any Encumbrances

2.2 Statutory Books

The statutory books of the Company are up-to-date, in its possession and are true and complete in accordance with the law

2.3 Filings

All documents required to be delivered to the Registrar of Companies have been properly prepared and filed and are true and complete

3. THE COMPANY AND THE LAW

3.1 Compliance with Laws

The Business has been conducted in accordance with all applicable laws and regulations of the United Kingdom and any relevant foreign country and there is no order, decree or judgment of any Court or any governmental agency of the United Kingdom or any foreign country outstanding against the Business or which may have a material adverse effect upon the assets or business of the Company

3.2 Licences etc

All necessary licences, consents, permits and authorities (public and private) have been obtained on behalf of the Business to enable the Company to carry on its business effectively in the places and in the manner in which such business is now carried on and all such licences, consents, permits and authorities are valid and subsisting and the Warrantor knows of no reason why any of them should be suspended, cancelled or revoked

3.3 Breach of Statutory Provisions

Neither the Company nor the Warrantor (during the course of his duties in relation to the Company) have committed, or omitted to do, any act or thing the commission or omission of which is, or could be, in contravention of any Act, Order, Regulation or the like in the United Kingdom or elsewhere which is punishable by fine or other penalty

3.4 Litigation etc.

Neither the Company nor the Warrantor is engaged and no person for whose acts or defaults they may be vicariously liable is engaged in any civil or criminal litigation, arbitration, administration or other proceedings or disputes and no such litigation, arbitration or other proceedings are pending or threatened by or against the Company or the Warrantor and there are no facts likely to give rise to any such litigation, arbitration or other proceedings and neither the Company nor the Warrantor has been a party to any undertaking or assurance given to any Court or governmental agency which is still in force

3.5 Investigations

There is and has been no governmental or other investigation, enquiry or disciplinary proceeding concerning the Company or Warrantor in any jurisdiction and none is pending or threatened and the Warrantor is not aware of any matter in existence which might give rise to an investigation, enquiry or proceeding of that type

3.6 Insolvency

- 3.6.1 No order has been made or petition presented or resolution passed for the winding up of the Company, nor has any distress, execution or other process been levied against the Company or the Business or action taken or threatened to repossess goods in the Company's or the Warrantor's possession in relation to the Business

- 3.6.2 No steps have been taken for the appointment of an administrator, receiver or administrative receiver of all or any part of the Company's business or assets
- 3.6.3 No floating charge created by the Company has crystallised and, there are no circumstances likely to cause such a floating charge to crystallise
- 3.6.4 The Company has not been a party to any transaction which could be avoided in a winding up
- 3.6.5 The Company has not made or proposed any arrangement or composition with its creditors or any class of its creditors
- 3.6.6 There is no unsatisfied judgment or court order outstanding against the Company
- 3.6.7 The Company is not insolvent or unable to pay its debts within the meaning of Section 123 Insolvency Act 1986
- 3.6.8 No action is being taken or threatened by the Registrar of Companies to strike the Company off the register under Sections 652 or 652A Companies Act

4. THE COMPANY'S BUSINESS

4.1 Business transferred

The Warrantor has under the Business Sale Agreement freely transferred the whole of the Business to the Company, including but not limited to the Goodwill, the Airline Contracts, the benefit of the Business Contracts and all Intellectual Property, trade names and logos used in connection with the Business. No payments therefor remain outstanding and the Company has no further obligation to the Warrantor other than in relation to the Commission Agreement

4.2 Commissions in relation to the Company's business

No person other than the Company is entitled to receive commission or other fees in connection with the Company's conduct of its business except as agreed with the Sub-Agents. The Sub-Agents listed in Schedule 4 are a complete and accurate list

4.3 The information set out in the 2001 Business Review is complete and accurate and in particular no further commission or payments have been made or are due to any third parties in connection with such sales, other than as disclosed in the Disclosure Bundle

4.4 **At the Completion Date**

As at the Completion Date and for the period prior to Completion references to the Company shall where applicable include references to the Warrantor :-

4.4.1 the Company has carried on its business in the ordinary and usual course and without entering into any transaction, disposing of any part of its assets, assuming any liability or making any payment which is not in the ordinary course of its business and without any interruption or alteration in the nature, scope or manner of its business

4.4.2 the Company has not entered into any unusual, abnormal or onerous contract or commitment

4.4.3 the Company has not borrowed or raised any money or taken any financial facility or made any loan

4.4.4 the Company has paid its creditors within the times agreed with such creditors and so that there are no debts outstanding by the Company which have been due for more than four weeks

4.4.5 no insurances have lapsed or anything done which would make any policy of insurance void or voidable

4.4.6 the Company has not entered into, or agreed to enter into, any capital commitments, guarantee or indemnity, or entered into any leasing, hire purchase or other arrangements for payment on deferred terms

4.4.7 no share or loan capital has been issued or agreed to be issued by the Company and no security has been granted

4.4.8 no distribution of capital or income has been declared, made or paid in respect of any share capital of the Company and (excluding fluctuations in overdrawn current accounts with bankers) no loan or share capital of the has been repaid in whole or part or has become liable to be repaid

- 4.4.9 no persons are employed or have been employed by the Company by way of employment agreement or consultancy agreement or otherwise
- 4.4.10 there has been no resolution of or consent by the members of the Company or any class of members and
- 4.4.11 there has been no material deterioration in the net asset value or the financial position, prospects or turnover of the Company

4.5 Suppliers and customers

- 4.5.1 As at the Completion Date the details of the Airlines listed in Schedule 2 with which the Company and/or the Warrantor has contracts in relation to the Business are complete and accurate
- 4.5.2 During the year ending on the date of this Agreement no substantial customer or supplier of the Company has :-
 - 4.5.2.1 stopped, or given notice that it is to stop, trading with or supplying the Company other than on the expiry of any agreement by effluxion of time;
 - 4.5.2.2 reduced, or given notice that it is to reduce, substantially its trading with or supplies to the Company other than on the expiry of any agreement by effluxion of time; or
 - 4.5.2.3 changed, or given notice that it is to change, substantially the terms on which it is prepared to trade with or supply the Company (other than normal price and quota changes) other than as disclosed to the Purchaser in the Disclosure Bundle
- 4.5.3 So far as the Warrantor is aware no substantial customer or supplier of the Company is likely to :-
 - 4.5.3.1 stop trading with or supplying the Company;
 - 4.5.3.2 reduce substantially its trading with or supplies to the Company; or

4.5.3.3 change the terms on which it is prepared to trade with or supply the Company (other than normal price and quota changes)

4.5.4 No person (either individually or jointly with another person) has bought from or sold to the Warrantor, more than ten per cent of the total amount of all purchases or sales made by the Warrantor other than as set out in the document referred to in Clause 11.1.5

4.6 Working Capital

Having regard to existing bank and other facilities agreed with the Purchaser hereunder, the Company has sufficient working capital for the purposes of continuing to carry on the Business in its present form and terms and at its present level of turnover for the foreseeable future and for the purposes of executing, carrying out and fulfilling in accordance with their terms all orders, projects and contractual obligations which have been placed with, or undertaken by the Company or the Warrantor in connection with the Business

4.7 Finder's Fee

No one is entitled to receive from the Company any finder's fee, brokerage or other commission in connection with this Agreement or the sale and purchase of shares in the Company

4.8 Consequence of Share Acquisition by the Purchaser

The acquisition of the Sale Shares by the Purchaser or compliance with the terms of this Agreement :

4.8.1 will not cause the operator of the Business in connection with the Business ("Operator") to lose the benefit of any right or privilege it presently enjoys or cause any person who normally does business with it nor to continue to do so on the same basis as previously or to cause any employee to leave

4.8.2 will not relieve any person of any obligation to the Operator or enable any person to determine any such obligation or any right or benefit enjoyed by the Operator or to exercise any right whether under an agreement with or otherwise in respect of the Operator

4.8.3 will not result in any present or future indebtedness of the Operator becoming due or capable of being declared due and payable prior to its stated maturity and

- 4.8.4 will not give rise to or cause to become exercisable any right of pre-emption and, to the best of the knowledge and belief of the Warrantor, the Operator's relationships with clients, customers, suppliers and employees will not be adversely affected by the same

4.9 Terms of Business

There are no written standard terms and conditions upon which the Operator carries on business or is otherwise subject to

4.10 Intellectual Property Rights

- 4.10.1 All the Intellectual Property used by the Operator is owned by it and it does not use any Intellectual Property in respect of which any third party has any right, title or interest

- 4.10.2 There are no outstanding claims against the Operator for infringement of any Intellectual Property used (or which has been used) by it and no such claims have been settled by the giving of any undertakings which remain in force

- 4.10.3 Confidential Information and know-how used by the Operator is kept strictly confidential and the Operator operates and fully complies with procedures which maintain such confidentiality. The Warrantor is not aware of any such confidentiality having been breached

- 4.10.4 The Operator is not a party to any confidentiality or other agreement which restricts the use or disclosure of information

4.11 Information Technology

The Warrantor does not know nor is he aware of any fact or matter which may disrupt or interrupt or affect the use of any computer hardware or software used in connection with the Business following the acquisition by the Purchaser of the Sale Shares pursuant to this Agreement on the same basis as it is presently used

5. CONTRACTUAL MATTERS

5.1 Documents

All title deeds and agreements to which the Operator is a party and other documents owned by or which ought to be in the possession of the Operator are in the possession of the Operator free from any Encumbrance and are properly stamped

5.2 **Material Contracts**

The Operator is not a party to or subject to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which :-

- 5.2.1 is incapable of complete performance in accordance with its terms within Six (6) months after the date on which it was entered into or undertaken or
- 5.2.2 is likely to result in a loss to the Operator on completion of performance or
- 5.2.3 cannot readily be fulfilled or performed by the Operator on time and without undue or unusual expenditure of money and effort or
- 5.2.4 involves or is likely to involve obligations, restrictions, expenditure or receipts of an unusual, onerous or exceptional nature and not in the ordinary course of the Operator's business or
- 5.2.5 is a lease or a contract for hire or rent, hire purchase or purchase by way of credit sale or periodical payment or
- 5.2.6 is a sale or purchase, option or similar arrangement or obligation affecting any asset owned, occupied, possessed or used by the Operator or by which the Operator is bound or
- 5.2.7 is a distributorship, agency, franchise or management agreement or arrangement other than the Agency Agreement with the Hong Kong Company as disclosed or
- 5.2.8 involves or is likely to involve the supply of goods by or to the Operator the aggregate sales value of which will represent in excess of Ten per cent (10%) of the turnover of the Operator for its last financial year or
- 5.2.9 is a contract for services (other than contracts for the supply of electricity or normal office services) or
- 5.2.10 requires the Operator to pay any commission, finder's fee, royalty or the like other than to the local sales agents as disclosed or

- 5.2.11 in any way restricts the Operator's freedom to carry on the whole or any part of its business in any part of the world in such manner as it thinks fit or
- 5.2.12 involves liabilities which may fluctuate in accordance with an index or rate of currency exchange or
- 5.2.13 is a contract for the sale of shares or assets which contains warranties or indemnities or
- 5.2.14 is in any way otherwise than in the ordinary course of the Operator's business

5.3 Defaults

Neither the Operator nor any other party to any agreement with the Operator is in default under any such agreement, being a default which would be material in the context of the financial or trading position of the Operator nor (so far as the Warrantor is aware) are there any circumstances likely to give rise to such a default

5.4 Sureties

No person other than the Operator has given any guarantee of or security for any overdraft loan or loan facility granted to the Operator

5.5 Powers of Attorney

No powers of attorney given by the Operator are now in force No person, as agent or otherwise, is entitled or authorised to bind or commit the Operator to any obligation not in the ordinary course of the Operator's business, and the Warrantor are not aware of any person purporting to do so

5.6 Insider Contracts

- 5.6.1 There is not outstanding, and there has not at any time during the last Six (6) years been outstanding, any agreement or arrangement to which the Operator is a party and in which the Operator, any person beneficially interested in the Company's share capital or any director of the Company or any person connected with any of them is or has been interested, whether directly or indirectly

5.6.2 The Operator is not a party to, nor have its profits or financial position during such period been affected by, any agreement or arrangement which is not entirely of an arm's length nature

5.6.3 All costs incurred by the Operator have been charged to the Operator and not borne by any other person

5.7 Debts

There are no debts owing by or to the Operator other than debts which have arisen in the ordinary course of business, nor has the Operator lent any money which has not been repaid

5.8 Options and Guarantees

The Operator is not a party to any option or pre-emption right, or a party to any guarantee, suretyship, comfort letter or any other obligation (whatever called) to pay, provide funds or take action in the event of default in the payment of any indebtedness of any other person or default in the performance of any obligation of any other person

6. MATERIAL INFORMATION

6.1 All information given by or on behalf of the Warrantor to the Purchaser in writing and set out in the disclosure bundle relating to the Business and the Company was when given and remains true accurate and complete in all material respects

6.2 There are no material facts or circumstances in relation to the Business or the Company which have not been fully and fairly disclosed in writing to the Purchaser and which if disclosed might reasonably have been expected to affect the decision of the Purchaser to enter into this Agreement

6.3 The Warrantor has no reason to believe that any third party is contemplating ceasing to deal with the Warrantor or the Company on the scale and on the terms which it has hitherto and has no reason to believe that any such third party would not deal with the Company after this Agreement in the same way

7. ACCURACY OF INFORMATION

All documents relating to the Business supplied to the Purchaser, the Purchaser's Solicitors or the Purchaser's Accountants by the Company, the Warrantor, the Warrantor's Solicitors or the Warrantor's Accountants were when supplied and remain true complete and accurate in all respects

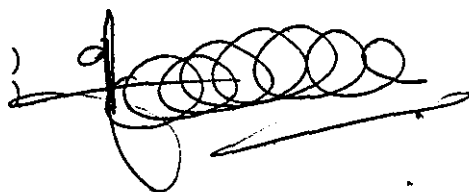
8. **TAXATION**

- 8.1 No notice, computation or return is currently due or outstanding to any tax authority
- 8.2 The Company as at Completion will have no liability to taxation in any jurisdiction

SIGNED by JOHN HOWARD GILBERT AMOR in the presence of :-



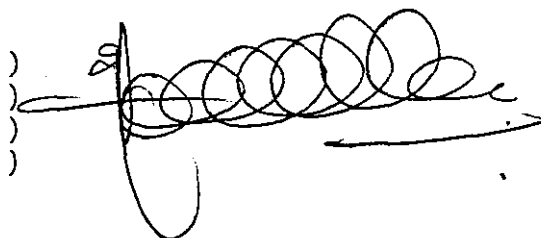
EMMA HEALEY SOLICITOR
Payne Hicks Beach
10 New Square
London WC2A



SIGNED by JOHN HOWARD GILBERT AMOR)
as attorney for and on behalf of GLOBE AUDIO)
PRODUCTS MANUFACTORY LIMITED)
in the presence of :-



EMMA HEALEY SOLICITOR
Payne Hicks Beach
10 New Square
London WC2A



SIGNED by GEORGE BROOKSBANK for)
and on behalf of WATERMARK GROUP PLC)
in the presence of :-



EMMA HEALEY SOLICITOR
Payne Hicks Beach
10 New Square
London WC2A

