Joint Venture Agreement

Dated as of ______ December 26, 2013, between (i) Clifford’s Creations Company, a Florida USA corporation ("CCC") having its headquarters and operations in Lecompton, Florida, and (ii) Taliban Enterprises, Ltd. ("TEL"), a Malaysia limited liability company having its headquarters and operations in Kuala Lumpur.

Whereas CCC has a long and successful record of designing, manufacturing, and marketing coat hangers, coatracks, and related products in the USA, and has developed and secured relevant property rights over certain designs, processes, trademarks, and other intellectual property; and

Whereas CCC wishes to expand the markets for certain parts of its product line into Malaysia and elsewhere in southeast Asia, and to serve this aim CCC wishes to enter into arrangements with a business in Malaysia for the purpose of manufacturing selected CCC products for sale in Malaysia and portions of the surrounding region; and

Whereas TEL is a leading manufacturing enterprise in Malaysia with experience in fabrication, finishing, and sales of commercial and consumer merchandise; and

Whereas TEL wishes to benefit from a collaborative enterprise with CCC that will combine CCC’s designs, patterns, processes, and knowhow with TEL’s well-trained workforce, local presence, and strong management;

Now therefore, the parties agree as follows:

1. Purpose and Definitions

1.1 The purpose of the Joint Venture created hereby is to establish and operate facilities in Malaysia for manufacturing and selling coatracks and other merchandise suitable for the markets in Malaysia and certain portions of the surrounding region. To this end, an equity joint venture is being created, under the name of Clifford-Tali Company, to operate in the form of a limited liability company registered in Malaysia.

1.2 Terms used in this Joint Venture Agreement shall have the following definitions:
   - "affiliate" shall mean a subsidiary company, a parent company, or another form of related company;
   - "Agent" shall mean an agent appointed under Article 12.4;
   - "CCC president" shall mean Ms. Constance Clifford or her successor as president of CCC;
   - "CTC" shall mean the Clifford-Tali Company, which is the joint venture being established by and pursuant to this Agreement;
   - "defaulting Party" means a Party as to which the circumstances described in points (a), (b), (c), or (d) of Article 12.1 applies;
   - "GAAP" means Generally Applicable Accounting Procedures;
   - "Party" (or "Parties") means a party (or both parties) to this Agreement — that is, depending on the circumstances, either CCC or TEL or both of them;
   - "TEL chairman" shall mean Mr. Tawfik Ismail or his successor as chairman of TEL;

2. Duration

2.1 This Agreement shall continue in full force and effect until the Parties' obligations set forth in this Agreement shall have been completed, or upon the happening of either of the following events:
(a) the receipt and distribution by the Agent of the final net profits accruing under the business interest; or
(b) termination pursuant to Article 12 of this Agreement.

3. Contributions by the Parties

3.1. CCC contribution. CCC's contribution to the joint venture shall consist of
(a) capital, in the amount of US$3 million (three million U.S. dollars), converted if necessary into Malaysian ringgit at such point as may be necessary in accordance with Malaysian government regulations;
(b) trademark rights in accordance with the provisions of Article 7.1 of this Agreement, valued at US$1 million (one million U.S. dollars); and
(c) technological know-how involved in establishing and conducting the operations of CTC, valued at US$1 million (one million U.S. dollars).

3.2. TEL contribution. TEL's contribution to the joint venture shall consist of
(a) land, for use in situating and operating the joint venture, valued at US$2 million (two million U.S. dollars);
(b) site preparation, including such civil works and construction, to be described more completely in the Construction Agreement between CTC and TEL, as may be necessary to build facilities to be used by the joint venture, valued at US$1 million (one million U.S. dollars);
(c) marketing services and know-how involved in conducting the operations of CTC, valued at US$1 million (one million U.S. dollars); and
(d) language skills, local knowledge, and official contacts pertinent to the establishment and operations of the joint venture, valued at US$1 million (one million U.S. dollars).

3.3. Timing of CCC capital contributions. CCC's contribution of capital, pursuant to Article 3.1 above, shall be made in two instalments:
(a) US$1.5 million (one and one-half million U.S. dollars) to be paid by January 2014; and
(b) US$1.5 million (one and one-half million U.S. dollars) to be paid by July 2014.

3.4. Later contributions. Later additional contributions, if any, shall be in equal shares. Should a Party fail to make its equal contribution, the noncontributing Party shall either reimburse the contributing Party or the equity ownership of the joint venture shall be adjusted to take into account the contributing Party's additional contribution.

3.5. Borrowings. CTC is empowered, pursuant to other provisions of this Agreement, to obtain further resources through commercial borrowings.

4. Ownership, Capital, and Shares

4.1 Ownership shares. CTC shall be owned 50 percent by CCC and 50 percent by TEL.

4.2 Authorized capital. The authorized capital stock of CTC shall be US$10,000,000 (ten million U.S. dollars). The authorized capital stock shall be divided into 1,000 (one thousand) shares having a par value of US$10,000 (ten thousand U.S. dollars) each.

4.3 Increase in authorized capital. The authorized capital stock of CTC may be increased by the Board of Directors, at such time and under such terms and conditions as it may deem advisable, by a vote of two-thirds of the Board.

4.4 Issuance of shares. CTC shall issue shares to the Parties, as follows:
(a) 500 shares to CCC upon a certification by the TEL chairman that CCC has completed the making of its contributions pursuant to Article 3 of this Agreement;
(b) 500 shares to TEL upon a certification by the CCC president that TEL has completed the making of its contributions pursuant to Article 3 of this Agreement.
4.5 **Limits on alienability of shares.** No pledge, transfer, sale, or other disposition of one Party's shares of capital stock in CTC may be made without the consent of the other Party. If such consent is given, then the Party giving the consent shall have a right of first refusal with respect to a sale of the other Party's shares; provided, however, that such right of first refusal shall not apply if such sale is to a company that is affiliate of, or otherwise related to, the selling Party.

5. **Dividends, Payments, and Currency**

5.1 **Dividends.** Dividends, if any, shall be declared by action of the Board pursuant to Article 6 of this Agreement, provided that such dividends shall be allocated proportionately among the ownership shares issued pursuant to Article 4 of this Agreement.

5.2 **Payments.** Payments of dividends and other distributions, if any, shall be made in accordance with Article 5.3 below, and in accordance with such other provisions, schedules, and procedures as may be prescribed by the Board.

5.3 **Currency.** Payments made pursuant to Article 5.2 above shall be denominated in U.S. dollars. Such payments shall be made to each of the Parties in U.S. Dollars unless one or both Parties request in advance that payment to such Party be made in Malaysian ringgits. If a Party makes such a request, payment to that Party shall be made in Malaysian ringgits, and the amount of any such payment shall be calculated on the basis of the official exchange rate posted by the National Bank of Malaysia as of the date and time that the payment is due to be made.

6. **Directors and Officers—Management of the Joint Venture**

6.1 **Authority of Board.** The Parties will establish a Board of Directors which will be the highest authority of CTC. The Board will decide all major issues concerning CTC.

6.2 **Appointment and removal of Directors.** The Board will be composed of six directors and a Chairman of the Board. Of the six directors, three will be appointed by CCC and three will be appointed by TEL. Each director will serve a term of three years, and may serve successive terms upon reappointment. The Chairman, who will also serve as General Manager of CTC, will be nominated by TEL and appointed by the Board. Removal of a Director may be effected (i) for any reason by the appointing Party or (ii) for reason of misfeasance or persistent absence, by action of the Board subject to Article 6.5 of this Agreement.

6.3 **Board meetings.** The Board shall meet on a periodic basis, at least quarterly, at such place as determined by the Board, and subject to the following procedures:

(a) **Notice.** Subject to the provisions of paragraph (b) below, a Board meeting may be called, in writing:

(i) by CCC or TEL with two weeks advance notice; or

(ii) by the General Manager with one week advance notice.

(b) **Special emergency meeting.** In an emergency circumstance, the General Manager may call a special meeting, by any effective means of communication, on one day's advance notice, provided that if less than five Directors are present (in person or by proxy) at such meeting, any decisions taken at the meeting will not be valid unless ratified at the next Board meeting by the voting margin required under Article 6.5 of this Agreement.

(c) **Quorum.** Three Directors and the Chairman (or another officer of CTC designated in writing by him) shall constitute a quorum for any meeting except for a special emergency meeting as provided for in paragraph (b), above.

(d) **Proxy.** Voting by proxy is allowed, subject to guidelines and procedures established for this purpose by the Board.

(e) **Written consent in absence of meeting.** Decisions by the Board may be made without a meeting, if and only if unanimous written consent of the Board supports the decision.
Procedures for obtaining valid evidence of such written consent shall be as prescribed by the Board.

6.4. **Board decision process.**

(a) **Majority.** Except for matters listed in paragraph (c) below, and subject to the provisions of paragraph (b) below, all matters considered by the Board will be subject to the approval of a majority of the entire Board.

(b) **Least adverse impact.** Prior to taking an action which any Party reasonably thinks might substantially affect such Party's reasonable interests, the Board shall fully explore other options and attempt to implement the option that will have the least adverse impact on the reasonable interests of such Party; provided, however, that such option will not materially affect the profitability or safe and reliable operation of CTC.

(c) **Super majority.** A super majority of two-thirds (2/3) of the Board will be required to authorize any of the following actions:
   (i) amendment to the Articles of Association of CTC;
   (ii) termination and dissolution of CTC;
   (iii) merger, split, or change of the organization form of CTC;
   (iv) mortaging or granting a security interest on the assets of CTC;
   (v) approval of the year-end financial statements of CTC;
   (vi) approval of the CTC budget;
   (vii) approval of all contracts between CTC and a Party or an affiliate company of a Party;
   (viii) profit distribution plan of CTC, including the declaration of any dividends;
   (ix) appointment of the General Manager and Chairman of the Board;
   (x) removal of a Director pursuant to Article 6.2 of this Agreement.

6.5. **General Manager.** The Joint Venture will have a General Manager, who will also serve as Chairman of the Board, serve as presiding officer at meetings of the Board (or if necessary designate another CTC officer to serve in that capacity), and exercise other functions of the Chairman as set forth in the Articles of Association. The General Manager shall:

(a) be responsible for implementing the decisions of the Board;

(b) be responsible for conducting the daily management of CTC;

(c) subject to the provisions of point (d) below, have and exercise all authority necessary to fulfill the responsibilities enumerated in points (a) and (b) above, including (without limitation):
   (i) serving as the legal representative of CTC, with authority to enter into contracts on behalf of CTC.
   (ii) appointing other officers and employees of CTC and establishing the terms and conditions of their service, subject to any general requirements, if any, established by the Board in this regard.

(d) **Advance approval by the Board shall be required for**
   (i) any expenditure (or commitment for one or more related expenditures) in excess of $20,000; or
   (ii) any agreement or arrangement that would involve a continuing financial commitment by CTC for a period of more than three years.

6.6. **Articles of Association.** All management guidelines not addressed in this Agreement will be addressed in the Articles of Association or, if not addressed there, will be provided by the Board at its discretion.

7. Intellectual Property
7.1. Grant of intellectual property rights. CCC shall grant to CTC, pursuant to the terms of the Intellectual Property Agreement entered into (or to be entered into) between the Parties, the right to use certain patents, copyright, trademark, and other intellectual property belonging to CCC; provided, however, that
(a) CTC may exercise such rights only within the territory of its operations as prescribed in Article 14.3 of this Agreement.
(b) such rights are not transferred to, and shall not inure to the benefit of, TEL other than indirectly by TEL's participation in the joint venture that is created and governed by this Agreement; and
(c) such rights shall revert to CCC upon the termination of this Agreement, as provided for further in Article 12.3 of this Agreement.

7.2. Retention of rights by CCC. Notwithstanding the grant provided for in Article 7.1, above, CCC also retains the right to use any patents, copyright, trademark and other intellectual property belonging to CCC, provided such use is outside the territory of CTC's operations.

7.3. Innovations and modifications. CTC shall be entitled to make any innovations and/or modifications to products subject to any of the intellectual property rights granted by this Agreement, provided that CCC provides prior written approval which approval shall not be unreasonably withheld. CCC may withhold such approval if such innovations and/or modifications would result in products that already exist or are under development by CCC.

7.4. Joint invention. If any joint invention results from the joint venture created under this Agreement, and the features of such joint inventions are not amenable to separate application for patent or other industrial property rights, the Parties shall jointly apply for such rights in the name of CTC. So long as such rights patent or other industrial property rights are in force, CCC and TEL shall each be entitled to practice and to license such rights to others without financial compensation or consent from the other Party.

8. Confidentiality

8.1. Non-disclosure of technical information. Unless otherwise agreed to in writing by the other Party, a Party shall maintain in confidence, both during the duration of this Agreement and thereafter, any technical information (as defined below in Article 8.4) that it has received from the other Party pursuant to the terms of this Agreement or in the conduct of the joint venture, and shall not disclose any such technical information in any way to any third party or to personnel of such third party; provided, however, that a Party shall not be regarded as having violated this provision
(a) if it treats such technical information with the same degree of care as it uses with respect to its own proprietary information, or
(b) if such information is at the given time part of the public knowledge without the fault of the receiving Party or was or is subsequently independently developed by the receiving Party as proved by written records.

8.2. Use of technical information. Each Party shall utilize the technical information (as defined below in Article 8.4) received hereunder solely for the purposes of and in accordance with the provisions of this Agreement.

8.3. Sufficiency or utility of technical information. As long as a Party, in fulfilling its obligations under this Agreement, employs the same degree of care in that it otherwise employs in carrying out its business affairs, that Party shall not be liable for any claim, whether of the other Party or of a third party, that in any way relates to the sufficiency or utility of any technical information furnished hereunder or to the use of any such information including third party rights or that in any ways relates to any product (including, but not limited to, a claim based on the quality, utility, merchantability or any other characteristic of such a product) made using any such information.
8.4. "Technical information" defined. For purposes of this section, the term "information" means any written or otherwise recorded or oral information available at CCC which CCC may convey or otherwise make available to TEL or CTC relating to the design, manufacture, testing, or other pre-sale use of merchandise produced by CTC to the extent that such technical information has been incorporated into and forms part of the process by which such design, manufacture, testing, or other pre-sale use of such merchandise is carried out.

9. Government Approvals

9.1. Immediate steps. As soon as practicable after execution of this Agreement, TEL shall apply to the appropriate Malaysian government authorities for any approvals, benefits, or exemptions the Board may deem necessary to
(a) carry out the activities contemplated by this Agreement;
(b) establish CTC as a registered corporate entity under Malaysian law, if this has not already been accomplished;
(c) effect the transfer of technology, including in particular the registration and protection of any and all intellectual property rights referred to in Article 7 of this Agreement;
(d) provide CTC with all necessary permission for the import of, remission of payment for, and exemption from import duties on capital assets, materials, construction components, and machinery and equipment in quantities required by CTC; and
(e) obtain whatever local content credit might be available to CTC (if any) under Malaysian laws and regulations.

9.2 Continuing efforts. As circumstances arise, and at the request of the Board or the General Manager, TEL shall exert continuing efforts to obtain any and all approvals from national or state authorities within Malaysia that are necessary or appropriate to CTC in undertaking its operations.

10. Governing Law and Dispute Resolution

10.1. Mediation. If any dispute, controversy or claim arises out of or in connection with this Agreement, or with the termination or alleged breach or invalidity thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association before resorting to arbitration.

10.2. Arbitration. If the Parties do not reach a solution through mediation within 30 (thirty) days after the mediation referred to in Section 10.1 is commenced, then the dispute shall be finally resolved by binding arbitration administered by the American Arbitration Association under its International Arbitration Rules by an arbitral tribunal composed of three arbitrators appointed in accordance with said Rules. In that connection:
(a) the place of arbitration shall be Miami, Florida;
(b) the language to be used in the arbitral proceedings shall be English.

10.3. Governing law. This Agreement and the rights and obligations of the Parties hereunder shall be governed and construed according to the substantive laws of the State of Florida without reference to its conflict-of-laws principles. To the extent (if any) that this Agreement may be regarded as including some sale-of-goods transactions, it shall be governed by the UCC as adopted in Florida and not by the provisions of the U.N. Convention on Contracts for the International Sale of Goods.

10.4. Arbitral award. Any award issued pursuant to the provisions of Section 10.2 may grant any relief appropriate under the applicable law. However, the applicable law notwithstanding, the arbitral panel shall not be empowered to award punitive damages against either Party.
10.5 Judgment on the award. Judgment on an arbitral award issued pursuant to the provisions of Section 10.2 may be entered in any court having jurisdiction over the award or either of the Parties or its assets.

11. Force Majeure

11.1 Delay in performance. Neither Party shall be liable for delay in performance under this Agreement if its timely performance is prevented due to Force Majeure — including such events as war, fire, strike, lockouts, flood, typhoons, earthquakes, and the like—provided that notification from the Party seeking to be excused for the delay in performance is received by the other Party within ten (10) days following the event preventing timely performance.

11.2 Mitigation. The Party seeking to be excused for a delay in performance for reasons of Force Majeure shall (i) use all reasonable measures to minimize the effects of the event preventing timely performance and (ii) resume performance as soon as possible and without further delay, upon the ending of the event preventing timely performance.

11.3 Withholding performance by other Party. The unaffected Party shall have the right to withhold its performance during the period of Force Majeure if equity so requires.

11.4 Impossibility of performance. In the event that Force Majeure renders the performance of one Party's obligations impossible for a period of ninety (90) days, the other Party may terminate this Agreement by giving to the non-performing Party thirty (30) days notice, during which time the non-performing Party may avoid termination by performance.

12. Termination

12.1 Right to terminate. Each Party shall have the right to terminate this Agreement upon the occurrence of any of the following events:
   (a) material breach of this Agreement by the other Party;
   (b) the filing by the other Party of a petition in bankruptcy or insolvency, or upon an adjudication that the other Party is bankrupt or insolvent, or upon a filing by the other Party of a petition seeking reorganization under bankruptcy or insolvency laws;
   (c) change in the ownership or effective control of the other Party; or
   (d) the expiration of the time periods of non-performance by the other Party referred to in Article 11.4 of this Agreement.

12.2 Purchase rights following termination. Upon termination of this Agreement,
   (a) the nondefaulting Party has the option to purchase the defaulting Party's shares in CTC based upon the original price of the shares plus interest; or
   (b) if there is no defaulting Party, the Parties may submit bids to each other until one Party ends up being the highest bidder for ownership of all the stock of CTC.

12.3 Return of certain contributed assets. Upon termination of this Agreement, any assets contributed to the joint venture at its formation, other than cash or other financial contributions, shall to the extent practicable be returned to the contributing Party. In particular, upon termination all intellectual property rights of the kinds referred to in Article 7 of this Agreement shall revert to CCC.

12.4 Voluntary winding-up. Upon consent of the Parties, the joint venture shall be wound up, and its operations terminated. In that case, CTC shall appoint an Agent to facilitate the winding-up process by serving escrow and related functions incident to the dissolution of CTC. Such Agent shall survive the dissolution of CTC and shall continue to operate until both Parties have agreed that the winding-up is complete, or, failing that, until a court or other competent official administrative entity has released the Agent from further action.

13. Reports and Accounts
13.1 **Annual Report and other reports.** CTC shall prepare and submit to TEL and CCC:
(a) within 60 days after the conclusion of each financial year, an annual report of its operations, with specific reference to its financial status, recent and proposed developments, recent and proposed changes in management or structure, sales, inventories, and other key operational factors, along with audited financial statements; and
(b) within 10 days after the conclusion of each quarter, a brief summary of operational, managerial, and financial information for the quarter.

13.2 **Accounting.** CTC shall keep two sets of financial and operational records — one as required by rules and procedures applicable in Malaysia and the other under U.S. GAAP rules, for the benefit of CCC. In all cases, the accounting procedures and practices used by CTC shall provide adequate disclosure and transparency to allow for easy scrutiny by CCC and TEL of CTC's operations.

13.3 **Audit.** CTC shall have its records and accounts for each year audited:
(a) by an Internal Audit Department established for this purpose, which shall report directly to the Board; and
(b) by an independent firm of auditors licensed in Malaysia to provide auditing services according to international standards.

14. **Miscellaneous Matters**

14.1 **Language.** The official text of this Agreement shall be written in the English language. Any additional or subsequent written official communication, modification, or notices concerning the rights and obligations established under this Agreement shall also be written in the English language. Any attachment to this Agreement which specifies any other language for its official text shall have its official text in the language so specified.

14.2 **Notices.** All written communication required to be made pursuant to the provisions of this Agreement—including any notice, request, consent, demand, waiver, or other communications hereunder—shall be in writing in the English language and shall be regarded as effective if delivered by hand, by prepaid courier delivery service, by prepaid first class registered air mail, or by cable, telex, or telefax to the addresses of the Parties as set forth below, either of which may be modified by effective notice:
(a) for CCC:
   Clifford’s Creations Company
   1000 Queen Latifa Boulevard
   Miami, Florida
   USA
   Attention: Ms. Constance Clifford
(b) for TEL:
   Taliban Enterprises, Ltd.
   15/223 Bob Hirth Road
   Kuala Lumpur 2007
   Malaysia
   Attention: Mr. Tah Lee Ban

14.3 **Territory of operations.** CTC shall have as its territory of operations (i) all of the area of Peninsular Malaysia, (ii) Sabah (but not Sarawak), (iii) Singapore, and (iv) all of the islands of Sumatra and Java in Indonesia.

14.4 **Other related agreements.** This Agreement shall, as necessary, be interpreted and regarded as part of a package of agreements between the Parties relating to the joint venture to be created hereunder, namely:
- Articles of Association of CTC, to be registered with appropriate Malaysian Government offices;
- Employment Agreement between CTC and the General Manager;
- Construction Agreement between CTC and TEL as referred to in Article 3.2; and
- Intellectual Property Agreement as referred to in Article 7.1,

14.5. Expenses. Each Party shall bear all expenses incurred by it in connection with the preparation of this Agreement and in performing the undertakings herein stated; however, any external expenses incurred on behalf of CTC pursuant to this Agreement and prior to the incorporation of CTC shall be divided equally between CCC and TEL.

(a) by CCC. CCC represents and warrants as follows:
   (i) CCC is a corporation duly organized and existing in good standing under the laws of the State of Florida, United States of America;
   (ii) The execution and performance of this Agreement by CCC has been duly authorized by all requisite corporate action;
   (iii) The execution and performance of this Agreement by CCC does not violate any contract or other obligation of CCC, and CCC knows of no circumstances that would prevent CCC's performance of this Agreement; and
   (iv) CCC has conducted, and will conduct, its operations, as they relate to CTC, in such a manner as to be in full compliance with all applicable local, national, and international law.
(b) by TEL. TEL represents and warrants as follows:
   (i) TEL is a limited liability company duly organized and existing in good standing under the laws of Malaysia;
   (ii) The execution and performance of this Agreement by TEL has been duly authorized by all requisite corporate action;
   (iii) The execution and performance of this Agreement by TEL does not violate any contract or other obligation of TEL, and TEL knows of no circumstances that would prevent TEL's performance of this Agreement; and
   (iv) TEL has conducted, and will conduct, its operations, as they relate to CTC, in such a manner as to be in full compliance with all applicable local, national, and international law.

14.7. Effectiveness. This Agreement shall take effect as of the date first written above.

14.8. Entire agreement. This Agreement contains the entire agreement of the parties with respect to the subject matters hereof, and supersedes and cancels all previous agreements, negotiations, commitments, and writings in respect of such subject matter.

14.9. Amendments. Any amendments, additions, modifications, or alterations of this Agreement must be made in writing, in the English language, and signed by both Parties.

* * *

IN WITNESS WHEREOF, the Parties have executed this Agreement in two counterparts by their duly authorized representatives.

CLIFFORD’S CREATIONS COMPANY, INC. TALIBAN ENTERPRISES, LTD

by Constance Clifford, CCC President by Tah Lee Ban, TEL chairman