

DATED THE 28TH DAY OF OCTOBER 2009

NG CHI MING KEN
(as Vendor)

and

KONMEN INVESTMENT LIMITED
(as Purchaser)

SALE AND PURCHASE AGREEMENT
relating to the
entire issued share capital of, and
the benefit of a shareholder's loan to

GOLDJOY INVESTMENT LIMITED
(金怡投資有限公司)

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THIS AGREEMENT is made on the 28th day of October 2009

BETWEEN

- (1) **NG CHI MING KEN**, holder of Hong Kong Identity Card No. E996916(4) and whose address is Flat 2309, 23/F, Block B, Fai Ming House, Chung Ming Court, Tseung Kwan O, Kowloon, Hong Kong (the “**Vendor**”); and
- (2) **KONMEN INVESTMENT LIMITED**, a company incorporated in the British Virgin Islands and having its registered office at Pasea Estate, Road Town, Tortola, British Virgin Islands and having its correspondence address at Room 2501, 25/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong (the “**Purchaser**”).

WHEREAS :

- (A) Goldjoy Investment Limited (金怡投資有限公司)(the “**Company**”) is a company incorporated in the British Virgin Islands which may issue a maximum of 50,000 shares of a single class (“**Shares**”) of par value of US\$1.00 each, and as at the date hereof the Company has issued one fully paid-up share of US\$1.00 which is beneficially owned by the Vendor. Short particulars of the Company are set out in Part A of Schedule 1.
- (B) 沈陽綠怡置業有限公司 (“**PRC Subsidiary**”) is a wholly foreign-owned enterprise established in the PRC, 100% of its equity interest is held by the Company free from all Encumbrances. Short particulars of the PRC Subsidiary are set out in Part B of Schedule 1.
- (C) As at the date of this Agreement, the PRC Subsidiary is the legal and beneficial owner of 20% of the equity interest in 遼寧高校後勤集團房地產開發有限公司 (“**Liaoning High School**”), which in turn is the legal and beneficial owner of all the rights and interests of the Property and the Land. Short particulars of Liaoning High School are set out in Part C of Schedule 1.
- (D) As at the date of this Agreement, the Vendor is the legal and beneficial owner of the Shareholder’s Loan free from all Encumbrances.
- (E) SRE Group Limited (“**SRE**”), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, is the holding company of the Purchaser. As at the date of this Agreement, the Purchaser is the legal and beneficial owner of 70% of the equity interest in Liaoning High School.
- (F) The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share and the Shareholder’s Loan on the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

- 1.1 In this Agreement, including the Recitals and the Schedules, the following expressions shall have the following meanings except where the context otherwise requires:

“Applicable Law(s)”	means, with respect to any Person, any and all provisions of any constitution, treaty, statute, law, regulation, ordinance, code, rule, judgement, rule of common law, order, decree, award, injunction, governmental approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any governmental authority, whether in effect as of the date hereof or thereafter applicable to such Person;
“Assignment of Loan”	the deed substantially in the form set out in Schedule 5 to be executed by the parties named therein on Completion;
“Associates”	has the meaning ascribed thereto under the Listing Rules;
“Auditors”	the auditors of the Company from time to time;
“Business Day”	a day, other than a Saturday, on which licensed banks in Hong Kong are open for business throughout their normal business hours;
“Completion”	completion of this Agreement in accordance with the provisions of Clause 5;
“Completion Date”	the date on which all Conditions have been fulfilled (or waived, as appropriate);
“Conditions”	the conditions precedent set out in Clause 4.1;
“Consent”	includes any licence, consent, approval, authorization, permission, waiver, order or exemption (whether governmental or otherwise) required from any relevant governmental or regulatory bodies or such third parties under Applicable Laws;
“Corporate	in relation to any company, its certificate of

Documents”	incorporation, certificate of incorporation on change of name and its current business registration certificate (or for a PRC established company, business licence, approval letters and certificates issued by the relevant PRC authorities), statutory records and minute books written up to the Completion Date, common seal, chops and all rubber stamps, cheque books, cheque stubs and bank statements, receipt books; all other accounting records, copies of all tax returns and assessment, if any, (receipted where the due dates for payment fell on or before the Completion Date), all correspondence, if any, with its solicitors, accountants or the Inland Revenue Department (or the PRC Tax Bureau), all other documents and correspondence, if any, relating to the affairs, and all copies of the memorandum and articles of association and, if applicable, joint venture agreements and other contracts, whether relating to the ordinary course of business of the Company or otherwise, and includes all electronic records of any of the foregoing;
“Deed of Indemnity”	the deed of indemnity in the form set out in Schedule 4;
“Director(s)”	director(s) of the Company;
“Disclosed”	disclosed fully, fairly and specifically to the Purchaser by the Vendor in this Agreement;
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation, equities, adverse claims, right of first refusal, right of pre-emption, third party rights or interest, or other encumbrance, priority or security interest or other rights or interest of whatsoever nature or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) and “Encumber” shall be construed accordingly;
“Event”	any act, omission, transaction or circumstance occurring or subsisting at the relevant time;
“Group”	collectively the Company and the PRC Subsidiary and the words “Group Member” , “Member of the Group” or “Group Company” shall mean any one of them;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the

PRC;

“Intellectual Property Rights”

all intellectual property, including patents, patent rights and applications therefor, inventions, discoveries, improvements, concepts, innovations, industrial models, registered and unregistered copyrights, copyright registrations and applications, author’s rights, works of authorship (including artwork of any kind and software of all types in whatever medium, inclusive of computer programs, source code, object code and executable code, and related documentation), web sites, web pages, technical information, know-how, trade secrets, drawings, designs, design protocols, specifications for parts and devices, research and development efforts, databases and proprietary data, formulae, operational procedures, trade names, trademarks, domain names, and service marks, and registrations and applications therefor, the goodwill of the business symbolized or represented by the foregoing, customer lists and other proprietary information and common law rights;

“Land”

the plot of land located at 沈陽市和平區2007-024 和平南大街東側, a portion of 42,725.8 sq.m. of which has obtained the land use rights certificates, short particulars of which are set out in Part A of Schedule 2;

“Listing Rules”

the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“Management Accounts”

the unaudited financial statements of the Company for the period commenced from 1 January 2009 and ended on the Management Accounts Date, copies of which are annexed to this Agreement as Annexure A;

“Management Accounts Date”

30 September 2009;

“Material Adverse Effect”

any event, circumstance, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, results of operations, financial condition, management, prospects, properties, assets or liabilities of any Member of the Group or Liaoning High School, taken as a whole or otherwise;

“Parties”

the named parties to this Agreement and their respective personal administrators, successors and permitted assigns, and a **“Party”** shall be construed

	accordingly;
“PRC” or “China”	the People’s Republic of China, but shall not include Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this Agreement;
“PRC Accounts”	the audited financial statements of each of the PRC Subsidiary for each of the two years ended 31 December 2007 and 31 December 2008 (“PRC Audited Accounts”), and the unaudited financial statements of each of the PRC Subsidiary for the period commenced from 1 January 2009 and ended on 30 September 2009 (“PRC Management Accounts”);
“PRC Audited Accounts Date”	31 December 2008;
“Promissory Note”	the promissory note in the form set out in Schedule 6;
“Property”	the property owned and developed by Lianoning High School, short particulars of which are set out in Part B of Schedule 2;
“Purchase Price for the Sale Share”	the consideration for the purchase of the Sale Share set out in Clause 3;
“Purchase Price for the Shareholder’s Loan”	the consideration for the purchase of the Shareholder’s Loan set out in Clause 3;
“Remaining Portion of the Land”	a portion of 110,970.2 square meters of the Land which land use rights certificate has not been obtained by Liaoning High School as at the date of this Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	One Share representing the entire issued shares of the Company to be sold by the Vendor to the Purchaser pursuant to the terms and conditions of this Agreement;
“Shares”	has the meaning ascribed thereto in Recital (A);
“Shareholder’s Loan”	an interest free shareholders’ loan of HK\$38,961,230.61 which has no designated term of repayment and which will be assigned by the Vendor to the Purchaser pursuant to Clause 2.2 on Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“United States”	or the United States of America;
“US”	
“Updated PRC Management Accounts”	the unaudited financial statements of the PRC Intermediate Company for the period from 1 January 2009 to the Updated PRC Management Accounts Date
“Updated PRC Management Accounts Date”	the date when all the Conditions, other than the Condition set out in Clause 4.1(E) of this Agreement, have been fulfilled (or waived, as appropriate)
“US\$”	United States dollars, the lawful currency of the United States of America;
“Taxation”	all from of tax, levy, duty, charge, fee, contribution, impost or withholding of any nature now or hereafter imposed, levied, collected withheld or assessed by a local, municipal, governmental, state, federal or other body or authority in Hong Kong, the PRC or elsewhere (including any fine, penalty, surcharge or interest in relation thereto); and
“Warranties”	the agreements, obligations, warranties, representations and undertakings of the Vendor contained in Clause 9 and Schedule 3.

1.2 In this Agreement:

- (A) references to Clauses, Sub-clauses and Schedules are to clauses and sub-clauses of and the schedules to this Agreement, and reference to a Sub-clauses is, unless otherwise stated, to the Sub-clause of the Clause in which the reference appears;
- (B) all Recitals and Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement and any reference to this Agreement shall include such Recitals and Schedules;
- (C) the reference to any Ordinance, regulation or other statutory provision of Hong Kong, the PRC and elsewhere in this Agreement includes reference to such Ordinance or regulation or provision as modified, consolidated or re-enacted from time to time;
- (D) words denoting the singular include the plural and vice versa, words denoting one gender include all genders and words denoting persons include corporations and vice versa;
- (E) the headings are for ease of reference only and do not form part of this Agreement; and

- (F) the expressions "Vendor" and the "Purchaser" shall, where the context permits, include their respective successors, personal representatives.

2. SALE AND PURCHASE

- 2.1 Subject to and upon the terms and conditions of this Agreement and the simultaneous completion of the sale and purchase of the Shareholder's Loan, the Vendor as the sole legal and beneficial owner shall sell and the Purchaser, relying on the Warranties, shall purchase the Sale Share, free from all Encumbrances and together with all rights now and hereafter attaching thereto including the right to all dividends and other distributions which may be paid, declared or made in respect thereof at any time on or after the date of this Agreement.
- 2.2 Subject to and upon the terms and conditions of this Agreement and the simultaneous completion of the sale and purchase of the Sale Share, the Vendor as the sole legal and beneficial owner shall sell and the Purchaser, relying on the Warranties, shall purchase the Shareholder's Loan, free from all Encumbrances and together with all rights now and hereafter attaching thereto including all rights, title and interests in the Shareholder's Loan from the date of this Agreement.

3. PURCHASE PRICE

- 3.1 The Purchase Price for the Sale Share shall be HK\$711,038,769.39 and the Purchase Price for the Shareholder's Loan shall be HK\$38,961,230.61. The aggregate purchase price for the Sale Share and the Shareholder's Loan shall be HK\$750,000,000 (the "**Total Purchase Price**") which shall be satisfied by the Purchaser in the following manner:
- (A) HK\$250,000,000, being deposit and part payment, ("**Deposit**") shall be paid by the Purchaser to the Vendor in cash upon the signing of this Agreement subject to the fulfillment by the Vendor the following matters, except as waived by the Purchaser, upon the payment of the Deposit:
- (i) resolutions of the Director(s) shall be passed approving (i) the appointment of such person(s) nominated by the Purchaser as new Director(s) with effect from the date of payment of the Deposit; and (ii) amendments to the bank mandate of the Company in such manner as the Purchaser shall advise;
 - (ii) resolutions of the directors of the PRC Subsidiary shall be passed approving (1) the appointment of such person nominated by the Purchaser as the director(s) of the PRC Subsidiary with effect from the date of payment of the Deposit; and (2) amendments to the bank mandate of the PRC Subsidiary in such manner as the Purchaser shall advise;
 - (iii) the delivery to the Purchaser a certified copy of the resolutions referred to in Sub-Clause (i) and (ii) above;

(iv) the delivery to the Purchaser, in respect of the Company and the PRC Subsidiary:

- (a) all statutory records and minute books (which shall be written up to the date of signing of this Agreement) and (if applicable) any unissued share certificates and other statutory records of the Company and the PRC Subsidiary; and
- (b) the common seal and all rubber stamps, cheque books, cheque stubs and bank statements, receipt books, all current insurance policies, books and accounts and title deeds and evidence of ownership to all assets and all current contracts and all other accounting records of the Company and the PRC Subsidiary; and

(B) the balance of HK\$500,000,000 shall be satisfied by the issue of the Promissory Note by SRE in favor of the Vendor on Completion.

3.2 In the event that the Vendor shall fail to fulfill any of the conditions set out in Clause 4.1 on or before the Long Stop Date set out in Clause 4.2 or if applicable, any other later date as mutually agreed between the Vendor and the Purchaser pursuant to Clause 4.6, the Vendor shall refund the Deposit to the Purchaser within 7 Business Days from the date of notice issued by the Purchaser requesting the termination of this Agreement and refund of the Deposit together with interests calculated at a rate of 5% per annum accrued on the Deposit from the date of payment of the Deposit up to the date of refund of the Deposit by the Vendor to the Purchaser (both days inclusive).

4. CONDITIONS

4.1 Completion is conditional upon the fulfillment and compliance of the following conditions, except as waived in accordance with Clause 4.5 which shall remain fulfilled and complied on Completion:

- (A) the Purchaser shall have been satisfied with the results of the due diligence review conducted or to be conducted on the assets, liabilities, business, operations, legal and financial aspect, value of assets, accounts, results, prospects, financial position and any other affairs of the Company and the PRC Subsidiary as it may reasonably consider appropriate undertaken by the Purchaser or its advisers;
- (B) save for the land use rights certificate to be obtained by Liaoning High School in respect of the Remaining Portion of the Land, all relevant licences, authorisation, approval or consents required for the Land and the Property are in full force and effect and are held beneficially by Liaoning High School and will not be affected by the consummation of the transactions contemplated under this Agreement;

- (C) the production of written evidence (including but not limited to a capital verification report of Liaoning High School) to the satisfaction of the Purchaser certifying that the outstanding registered capital of RMB37,000,000, in respect of the 20% equity interest in Liaoning High School held by the PRC Subsidiary, has been duly and legally injected into Liaoning High School by the PRC Subsidiary;
- (D) the production of written evidence to the satisfaction of the Purchaser certifying that a sum of RMB247,000,000 payable by the PRC Subsidiary to 遼寧高校後勤集團有限公司 (“**Previous Transferor**”) pursuant to 《遼寧高校後勤集團房地產開發有限公司股權轉讓協議書》 dated 27 September 2007 had been fully settled or unconditionally and irrevocably waived by the Previous Transferor for any further payment;
- (E) the production of the Updated PRC Management Accounts in form and substance to the satisfaction of the Purchaser;
- (F) the receipt by the Purchaser of a legal opinion (the “**PRC Legal Opinion**”) in the form and substance satisfactory to the Purchaser from a firm of lawyers practising the laws of the PRC (the “**PRC Lawyer**”) and acceptable to the Purchaser confirming legal issues including but not limited to:
 - (i) the Company is the legal and beneficial owner of 100% equity interest in the PRC Subsidiary which is duly established under the laws of the PRC and is validly existing and of good standing;
 - (ii) the PRC Subsidiary is the legal and beneficial owner of 20% of the equity interest in Liaoning High School which is duly established under the laws of the PRC and is validly existing and of good standing;
 - (iii) all of the registered capital of the PRC Subsidiary has been legally, validly and timely injected into the PRC Subsidiary and the capital verification for the PRC Subsidiary has been duly completed;
 - (iv) the registered capital of RMB150,000,000 of Liaoning High School payable on the part of the PRC Subsidiary has been legally and validly injected into Liaoning High School and the capital verification for this part of registered capital has been duly completed; and
 - (v) all other issues or matters which the Purchaser shall require advices from the PRC Lawyer.
- (G) the receipt of a legal opinion in the form and substance satisfactory to the Purchaser from a firm of lawyers practising the laws of British Virgin Islands and acceptable to the Purchaser regarding to the due establishment and subsistence of the Company, the validity and enforceability of this Agreement

and the transactions contemplated under this Agreement (the “**BVI Legal Opinion**”);

- (H) the passing of a resolution at a special general meeting of SRE by the shareholders of SRE (who are not required to abstain from voting pursuant to the Listing Rules) to be convened in compliance with the Listing Rules to approve this Agreement and the transactions contemplated hereunder, including the issue of the Promissory Note pursuant to this Agreement;
 - (I) the parties to this Agreement having obtained any and all other consents, permits, approvals, authorizations and waivers necessary or appropriate for the entering into and consummation of the transactions contemplated by this Agreement;
 - (J) no event or series of events shall have occurred which, in the opinion of the Purchaser, has, had or would reasonably be expected to have a Material Adverse Effect;
 - (K) all of the Warranties shall be true and accurate in all material respects on the date of this Agreement and at all times up to and including the Completion Date; and
 - (L) no event or circumstances shall have occurred which, in the opinion of the Purchaser, has, had or would render any of the Warranties incorrect or incapable of performance and that there are no other breaches of any of the Warranties.
- 4.2 The parties hereto shall use their respective reasonable endeavours to procure satisfaction of the conditions as soon as practicable and in any event by no later than 4:00 p.m. on 31 July 2010 (“**Long Stop Date**”).
- 4.3 Each party shall as soon as reasonably practicable give notice to the other party of the satisfaction of the conditions mentioned in Clause 4.1.
- 4.4 The Vendor shall provide and procure the Company, the PRC Subsidiary and Liaoning High School and their respective employees or agents to provide such assistance as the Purchaser or its employees or its professional advisers may reasonably require in connection with such due diligence review referred to in clause 4.1(A) including but not limited to carrying out review and investigation of the assets, liabilities, financial condition, contracts, operations, books and records, etc., so as to enable the review by the Purchaser, its employees or its professional advisers to be completed on or before the Long Stop Date or such later date as the Purchaser may agree.
- 4.5 The Purchaser may in its sole discretion waive the conditions set out in Clause 4.1 at any time prior to Completion by notice in writing to the Vendor (save in respect of Clause 4.1(H) and (I)) and such waiver may be made subject to such terms and conditions as the Purchaser shall deem appropriate.

4.6 If the conditions set out in Clause 4.1 are not fulfilled or, as the case may be, waived by the Purchaser by 4:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Purchaser may mutually agree), the obligations of the Parties under this Agreement shall cease and determine and neither party shall have any claim under this Agreement against the other save in respect of any antecedent breaches of this Agreement and save for the obligation of the Vendor to refund the Deposit together with interests in accordance with Clause 3.2.

4.7 All costs and expenses to be incurred by the Purchaser (if any) in or in connection with the issue of the legal opinions referred to in Clauses 4.1(F) and 4.1(G) shall be borne by the Vendor.

5. COMPLETION

5.1 Subject to fulfillment or waiver (as the case may be) of all the Conditions, Completion shall take place at the offices of the Purchaser on the Completion Date, or at such other place and time as shall be mutually agreed by the Vendor and the Purchaser, when all (but not part) of the business set out in this Clause 5 shall be transacted simultaneously except that any of the following business may be waived by the party not in default of his or its obligations hereunder provided further that such waiver shall not prejudice any of the rights which any party may have under this Agreement.

5.2 As a condition of this Agreement, the Vendor shall procure that on Completion:

- (A) a resolution of the Director(s) shall be passed approving (i) the registration of the transfer of the Sale Share to the Purchaser or its nominees upon due presentation of the instrument of transfer; (ii) the execution of the Deed of Indemnity under seal (if appropriate); (iii) the resignation of all existing Director(s) nominated by the Vendor and the resignation of the secretary of the Company; and (iv) the execution of the Assignment of Loan by the Company;
- (B) a resolution of the directors of the PRC Subsidiary shall be passed approving the resignation of the existing directors of the PRC Subsidiary nominated by the Company in accordance with the Vendor's instructions with effect from Completion;
- (C) a resolution of the directors of Liaoning High School shall be passed approving (i) the appointment of one nominee from the Purchaser as a director of Liaoning High School; and (ii) the resignation of the existing director of Liaoning High School nominated by the PRC Subsidiary to the board of Liaoning High School in accordance with the Vendor's instructions with effect from Completion; and
- (D) with regard to the Company and the PRC Subsidiary, all mandates to operate bank accounts of the Company and the PRC Subsidiary shall subject to Completion taking place, be amended in such manner as the Purchaser shall

request and subject as aforesaid authority shall be given to such persons as the Purchaser shall nominate to operate such bank accounts with effect from the Completion Date.

5.3 At Completion, the Vendor shall deliver or procure the delivery to the Purchaser:

- (A) valid share certificate for the Sale Share in the name of the Vendor or evidence satisfactory to the Purchaser that the Sale Share are beneficially owned by the Vendor;
- (B) duly executed and valid instrument of transfer of the Sale Share in favour of the Purchaser and/or its nominee as the Purchaser may direct and such other documents as may be required to give a good and effective transfer of title to the Sale Share to the Purchaser and to enable it to become the registered holder thereof;
- (C) original resolutions of the directors of the Company and the PRC Subsidiary in relation to the matters referred to in Clause 5.2(A) and Clause 5.2(B) and certified true copies of the resolutions of the directors of Liaoning High School in relation to the matters referred to in Clause 5.2(C);
- (D) written resignations of all Directors nominated by the Vendor and written resignation of the secretary of the Company to take effect from the Completion Date, in each case confirming under seal that they have no claims whatsoever against the Company whether by way of compensation, remuneration, severance payments, pensions, expenses or otherwise;
- (E) written resignations of the directors of the PRC Subsidiary nominated by the Company in accordance with the Vendor's instructions to the board of the PRC Subsidiary, and written resignations of all the existing directors of Liaoning High School nominated by the PRC Subsidiary to the board of Liaoning High School in accordance with the Vendor's instructions, in each case confirming under seal that they have no claims whatsoever against the PRC Subsidiary or Liaoning High School respectively whether by way of compensation, remuneration, severance payments, pensions, expenses or otherwise;
- (F) the Deed of Indemnity duly executed by the Vendor;
- (G) the Assignment of Loan duly executed by the Vendor and the Company;
- (H) the BVI Legal Opinion;
- (I) the PRC Legal Opinion;
- (J) certificates of incorporation and business registration certificates or such like (if any, including all application forms therefor) of the Company and the PRC Subsidiary, if the same have not been delivered by the Vendor to the

Purchaser at the date of signing of this Agreement in accordance with Clause 3.1(A)(iv);

- (K) evidence satisfactory to the Purchaser that the entire issued share capital of the Company is beneficially owned by the Vendor and the entire equity interest in the PRC Subsidiary is beneficially owned by the Company;
- (L) all corporate documents and constitutional documents (including articles of association, supplemental articles of association, approval certificates, business licences, tax registration certificates and all relevant governmental approval) of the Company and the PRC Subsidiary, if the same have not been delivered by the Vendor to the Purchaser at the date of signing of this Agreement in accordance with Clause 3.1(A)(iv);
- (M) evidence of settlement of the amount (if any) due to and from the directors and related companies of the Group as set out in the Management Accounts and the PRC Accounts;
- (N) in respect of every member of the Group:
 - (i) copies of all tax returns and assessments (receipted where the due dates for payment fell on or before the Completion Date);
 - (ii) all correspondence and other documents belonging to the relevant Group Company (including its constitutional documents); and
 - (iii) written authorities in favour of the Purchaser for the collection of such documents,if the same have not been delivered by the Vendor to the Purchaser at the date of signing of this Agreement in accordance with Clause 3.1(A)(iv);
- (O) certified true copies of any power of attorney or other authority pursuant to which any document referred to in Clause 5.3(B) may have been executed;
- (P) such other documents as may reasonably be required by the Purchaser to vest the legal and beneficial ownership of the Sale Share and the Shareholder's Loan in the Purchaser and/or its nominee.

5.4 Against compliance and fulfilment of all acts and the requirements set out in Clauses 5.2 and 5.3, the Purchaser shall deliver to the Vendor:

- (A) the Deed of Indemnity duly executed by the Purchaser;
- (B) the Assignment of Loan duly executed by the Purchaser; and
- (C) the Promissory Note duly executed by SRE.

- 5.5 If the documents required to be delivered on Completion are not forthcoming for any reason or if in any other respect the provisions of Clauses 5.2 or 5.3 are not fully complied with, the Purchaser shall be entitled to (in addition to and without prejudice to all other rights or remedies available to it) elect to rescind this Agreement or to effect Completion so far as practicable having regard to the defaults which have occurred or to fix a new date for Completion.
- 5.6 Without prejudice to any other remedies available to the Purchaser, if, following satisfaction of the Conditions, the Vendor fails to complete this Agreement on the Completion Date (other than as a result of the sole default of the Purchaser), the Purchaser shall have the right to seek specific performance of this Agreement.
- 5.7 In the event of the Vendor failing to complete the sale in accordance with the terms and conditions hereof, it shall not be necessary for the Purchaser to tender any instruments of transfer to the Vendor for execution before taking proceedings to enforce specific performance of this Agreement.

6. **TERMINATION**

6.1 If at any time prior to Completion:

- (A) the Vendor commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under this Agreement in any aspect; or
- (B) any creditor makes a valid demand for repayment or payment of any indebtedness of any Member of the Group or in respect of which any Member of the Group is liable prior to its stated maturity which demand can be expected to have a Material Adverse Effect; or
- (C) without prejudice to any other provisions of this Clause, between the date hereof and Completion, any of the provisions of Clause 7 is not satisfied or has not been duly and promptly fulfilled, observed or performed in any respect; or
- (D) any Member of the Group shall sustain any loss or damage (howsoever caused and whether or not the subject of any insurance or claim against any person) which constitutes a Material Adverse Effect; or
- (E) any petition is presented for the winding up or liquidation of any Member of the Group or any Member of the Group makes any composition or arrangement with its creditors or enters into a scheme of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any Member of the Group or anything analogous thereto occurs and have not been withdrawn within 14 days thereof in respect of any Member of the Group which can be expected to have a Material Adverse Effect,

then, in any such case, the Purchaser may on or before the Completion Date in its absolute discretion without any liability on its part, by notice to the Vendor, terminate this Agreement forthwith. The right to forthwith terminate this Agreement under each of sub-Clauses (A) to (E) above is a separate and independent right and the exercise of any such right shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Purchaser may have as at the date of such notice (including but not limited to any other right to terminate this Agreement).

- 6.2 Upon the giving of notice pursuant to Clause 6.1 by the Purchaser, all obligations of the Purchaser hereunder shall cease and determine and no party shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with this Agreement save and except:
- (A) the obligation of the Vendor to refund the Deposit together with the interests to the Purchaser in accordance with Clause 3.2;
 - (B) in respect of any antecedent breach of any obligation under this Agreement; and
 - (C) that the termination shall not affect the then accrued rights and obligations of the parties and shall be without prejudice to the continued application of Clauses 8, 9, 10 and 12 to 18 (inclusive).

7. CONDUCT OF BUSINESS

- 7.1 The Vendor hereby undertake to use its best endeavours to procure that the Business of the Group will continue to be operated in a normal and prudent basis and in the ordinary course of day-to-day operations consistent with past practice and it will not do or omit to do (or allow to be done) or to be omitted to be done any act or thing not in the ordinary course of day-to-day operations which has or can be expected to have a Material Adverse Effect and in particular (but without limiting the generality of the foregoing) will use its best endeavours to procure that save as provided in this Agreement, no Group Company shall prior to Completion, do, allow, or procure any act or permit any omission which would or might constitute a breach of any of the Warranties or any of its undertakings set out in this Agreement which has or can be expected to have a Material Adverse Effect, save with the Purchaser's prior written consent.
- 7.2 Pending Completion and save as contemplated by this Agreement, the Vendor shall use its best endeavours to procure that no Group Company shall, without the prior written consent of the Purchaser:
- (A) issue or agree to issue any shares, warrants or other securities or loan capital or grant or agree to grant or redeem or amend the terms of any exiting option over or right to acquire or convertible into any share or loan capital or otherwise take any action which would result in the Purchaser acquiring on Completion a percentage interest in the Company (on a fully diluted basis) lower than 100% or the Company reducing its interest in the PRC Subsidiary;

- (B) issue any debentures or other securities convertible into debentures;
- (C) purchase or redeem any Shares or provide financial assistance for any such purchase;
- (D) borrow or raise money in aggregate sum exceeding HK\$100,000;
- (E) incur any liabilities (including, without limitation, indebtedness or any management agreement) or enter into any transactions, agreements or arrangements other than in the ordinary course of business and for a value not exceeding HK\$100,000 in aggregate;
- (F) make any advances or other credits to any person, give any guarantee or indemnity, act as surety for or otherwise secure or accept any direct or indirect liability or any assignment of any liabilities of or obligations of any person save as security for facilities or loans granted to any Group Company in the ordinary course of business;
- (G) alter the terms of any financing/lending documents or security arrangements which has or can be expected to have a Material Adverse Effect;
- (H) create or permit to arise any mortgage, charge (fixed or floating), lien, pledge, other form of security or Encumbrance or equity of whatsoever nature, whether similar to the foregoing or not, in respect of any part of its undertaking, property or assets other than liens arising by operation of law in amounts which are not material;
- (I) declare, pay or make any dividends or other distribution;
- (J) make any capital expenditure in excess of HK\$100,000;
- (K) sell, transfer, lease, assign or otherwise dispose of or agree to sell, transfer, lease, assign or otherwise dispose of any material asset including in particular, any of the Property or of any part of its material undertaking, property or assets (or any interest therein);
- (L) let or agree to let or otherwise part with possession or ownership of the whole or any part of the Property nor purchase, take on lease or assume possession of any real property;
- (M) terminate any agreement or waive any right thereunder which has or can be expected to have a Material Adverse Effect;
- (N) other than as envisaged herein, appoint any new directors;
- (O) hire any new employee, enter into or amend any service agreements with directors or officers or increase the remuneration payable thereto or vary the

terms of employment of any employee or of service of or consultant, in each case where the monthly salary (including benefits) of that employee is or would be in excess of HK\$5,000 per month;

- (P) establish any pension, retirement scheme, share option scheme, profit sharing or bonus scheme or any other benefit scheme;
- (Q) commence, compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute or waiver any right in relation to any of the foregoing, which in each case has or can be expected to have a Material Adverse Effect;
- (R) release, compromise or write off any amount recorded in the books of account of any Member of the Group as owing by any debtors of such Member of the Group save for normal bad debt provision in the ordinary and usual course of business consistent with past practice;
- (S) terminate or allow to lapse any insurance policy in respect of any assets now in effect save in the ordinary course of business;
- (T) cease its current business or carry on any business other than its existing business or undertake any new business that is not the type that it has been carrying on for the past 3 years;
- (U) enter into any partnership or joint venture arrangement;
- (V) establish or open or close any branch or office;
- (W) dispose of the ownership, possession, custody or control of any corporate or other books or records which are required under any law, regulation or rule to be kept or which should be kept on a prudent basis;
- (X) enter into or amend any contract or other transaction or capital commitment or undertake any contingent liability which exceeds in aggregate monetary value of HK\$100,000;
- (Y) propose or pass any shareholders' resolution other than a resolution at any annual general meeting which is not special business;
- (Z) do any act or thing which would have a Material Adverse Effect or which would result in the breach of any rules or regulations applicable to any Member of the Group;
- (AA) make any payment to the Vendor or any of its Associates; or
- (BB) make any payment in respect of any disbursement exceeding HK\$100,000.

8. CONFIDENTIALITY

- 8.1 Save as required by law or in order to comply with any legal requirements or regulatory requirements (including but not limited to such disclosure pursuant to and/or made in compliance with the Listing Rules), each of the Parties hereto shall maintain strict confidence and secrecy in respect of all the terms of this Agreement or any information received by them or any or more of them pursuant to this Agreement.

9. WARRANTIES, UNDERTAKINGS AND INDEMNITIES BY VENDOR

- 9.1 The Vendor represents, warrants and undertakes to the Purchaser and its personal administrators and successors in title that, the Warranties contained in Schedule 3 are true and accurate in all respects at the date of this Agreement and will continue to be so on each day up to and including the Completion Date with reference to the facts and circumstances from time to time applying. The Vendor agrees that the Purchaser may treat each of such Warranties as a condition of this Agreement.
- 9.2 The Vendor undertakes to disclose to the Purchaser in writing any matter occurring prior to Completion which constitutes a breach of or is inconsistent with any of the Warranties or which renders any of the Warranties inaccurate or misleading (or which would constitute a breach of or be inconsistent with any of the Warranties, or render any of them inaccurate or misleading, if the Warranties were given at the time of such occurrence) immediately upon becoming aware of the same.
- 9.3 Where as a result of or in connection with any breach of any of the Warranties the net assets of the Group or any Member of the Group transpire to be less than they would have been or the net liabilities of the Group or any Member of the Group transpire to be more than they would have been had there been no such breach or had the relevant Warranty been true or if any payment is made or required to be made by the Purchaser or any Group Company. The Vendor shall indemnify and keeps fully and effectively indemnified the Purchaser and its successors in title on demand in respect of such shortfall or payment, together with all costs and expenses incurred in connection therewith, shall be taken to be the loss suffered by it by reason of such breach. The Vendor shall indemnify and keep fully and effectively indemnified the Purchaser and its successors in title on demand from and against all losses, costs and expenses which may be incurred by them or any of them in connection with any breach of any of the Warranties or their successfully enforcing any claim for any such breach.
- 9.4 The indemnity provided for under Clause 9.3 is without prejudice to any other rights and remedies of the Purchaser in relation to any breach of any of the Warranties and all other rights and remedies are expressly reserved to the Purchaser.
- 9.5 Each of the Warranties is without prejudice to any other Warranty or other agreements or indemnities entered into between the parties or any of them and, except where expressly stated otherwise, no provision contained in this Agreement or other agreements or indemnities shall govern or limit the extent or application of any other provision of this Agreement or such other agreements.

9.6 The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by the Purchaser rescinding, or failing to rescind, this Agreement or any other event or matter whatsoever except by way of a specific and duly authorized written waiver or release of the Purchaser.

9.7 The Warranties shall survive Completion insofar as the same are not fully performed on Completion.

10. ASSIGNMENT AND SUCCESSION

10.1 Save as provided in Clause 10.3, none of the rights and obligations of any of the parties under this Agreement may be assigned without the prior written consent of all the parties.

10.2 This Agreement shall be binding upon each party's successors and assigns.

10.3 If the Sale Share or the Shareholder's Loan or any part thereof shall at any time be sold or transferred the benefit of each of the Warranties may be assigned to the Purchaser or transferee of the Sale Share or the Shareholder's Loan or any part thereof which shall accordingly be entitled to enforce each of the Warranties against the Vendor as if it were named in this Agreement as the Purchaser.

11. PRE-COMPLETION ACTS

11.1 The Vendor hereby undertakes with the Purchaser that except as required by this Agreement no resolution of the directors or members of any of the Group Company shall be passed prior to Completion without the written consent of the Purchaser.

11.2 If at any time before Completion the Vendor comes to know of any fact or event which :

- (A) is in any way inconsistent with any of the warranties, representation and/or undertakings given by the Vendor under this Agreement; and/or
- (B) suggests that any fact warranted may not be as warranted or may be misleading; and/or
- (C) might affect the willingness of a prudent purchaser for value of the Sale Share and/ or the Shareholder's Loan to complete its purchase or the amount of the consideration which such purchaser would be prepared to pay for the Sale Share and/or the Shareholder's Loan,

the Vendor shall give immediate written notice thereof to the Purchaser in which event the Purchaser may (but is not obliged to) within 14 days of receiving such notice rescind this Agreement by written notice to the Vendor. In the event of rescission of this Agreement by the Purchaser, the Vendor shall forthwith refund the Deposit to the Purchaser and shall indemnify and keep the Purchaser fully and effectively

indemnified from and against all costs, expenses, losses and damages which may be sustained or incurred by the Purchaser.

- 11.3 If at any time before Completion the Purchaser finds that any of the Warranties are incorrect or have not been or are (in the absolute opinion of the Purchaser) incapable of being carried out, the Purchaser may rescind this Agreement by written notice to the Vendor. In the event of rescission of this Agreement by the Purchaser, the Vendor shall forthwith refund the Deposit to the Purchaser and shall indemnify and keep the Purchaser fully and effectively indemnified from and against all costs, expenses and damages which may be sustained or incurred by the Purchaser.

12. ACCESS TO INFORMATION

- 12.1 The Vendor shall procure that the Purchaser, its agents, representatives, accountants and solicitors are given promptly on request all such facilities and information regarding the business, assets, liabilities, contracts and affairs of the Group, and of the documents of title and other evidence of ownership of its assets, as the Purchaser may reasonably require.

13. COSTS AND STAMP DUTY

- 13.1 Subject to Clause 13.3, all costs and expenses incurred by or on behalf of the parties, including all fees of agents, representatives, solicitors, accountants and actuaries employed by any of them in connection with the negotiation, preparation, execution or completion of this Agreement, shall be borne solely by the party who incurred the liability, and the Company shall not have any liability in respect of them.
- 13.2 If the Purchaser determines or rescinds this Agreement under any of its provisions or under the general law, then, in addition to any right or remedy which the Purchaser may have against the Vendor for breach of this Agreement or the Warranties, the Vendor shall, indemnify the Purchaser in connection with all costs, fees and disbursements incurred in the negotiation, preparation, determination or rescission of this Agreement and all matters which it contemplates.
- 13.3 All stamp duty (if any) payable in respect of the transfer of the Sale Share or the Shareholder's Loan under this Agreement shall be borne as to one half by the Vendor and as to the other half by the Purchaser.

14. TIME OF ESSENCE

- 14.1 Time shall be of the essence of this Agreement, both as regards the dates and periods specifically mentioned and as to any dates and periods which may, by agreement in writing between or on behalf of the Vendor and the Purchaser, be substituted for them.

15. FORCE MAJEURE

- 15.1 (A) Subject to Clause 15.2 below, neither Party shall lose any rights hereunder or be liable to the other Party for damages or losses, except for payment

obligations, on account of failure of performance by any party of its obligation under this Agreement if the failure is the result of a Force Majeure Event (as defined in Clause 15.2).

- (B) The parties hereto shall cooperate to take appropriate means and reasonable steps to minimize or remove the effects of the Force Majeure Event and attempt to resume performance of the obligations delayed or prevented by the Force Majeure Event. After the Force Majeure Event is removed, both parties agree to resume performance of this Agreement with their best efforts. If the Force Majeure Event or the effects thereof is not removable or is not possible to be remedied in the reasonable opinion of both parties or the Force Majeure Event or the effects thereof is not removed or remedied within 30 days from the happening of such Force Majeure Event, this Agreement shall be deemed terminated on the date immediately following the date of expiration of the said 30 days period ("**Termination Date**") whereupon all obligations of the parties hereunder shall cease and determine and neither party will have any claim against the other party in respect of any matter or thing arising out of or in connection with this Agreement save and except in respect of any antecedent breach of any obligation under this Agreement and the obligation for the Vendor to refund the Deposit to the Purchaser without interest within 7 Business Days from the Termination Date.

- 15.2 "**Force Majeure Event**" means an act of God including but not limited to fire, flood, earthquake, landslide, windstorm, epidemic or other natural disaster; act of any sovereign including but not limited to war, invasion, hostilities, civil war, rebellion, revolution, insurrection, military or usurped power or confiscation; act of terrorism, including chemical or biological warfare; governmental acts, orders, restrictions; labour dispute or industrial action including but not limited to strike, lockout or boycott; law, judgement, order, decree, embargo or blockade; failure, accident or delay in transportation or communication; and any other matter or cause not reasonably within the control of and not resulting from the fault or negligence of the Party concerned.

16. GENERAL

- 16.1 No failure on the part of the Purchaser to exercise and no delay on its part in exercising any right hereunder shall operate as a release or waiver thereof, nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any right or prejudice or affect any right against others under the same liability whether joint, several or otherwise. The rights of the parties provided hereunder are cumulative and not affected by any of their other rights.
- 16.2 The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by Completion (which the Warranties shall, except in so far as they are fully performed on Completion, survive) or by any investigations made by or on behalf of the Purchaser into the affairs of the Group or any of the Group Member.

- 16.3 No claim by the Purchaser shall be prejudiced, nor shall the amount of any claim by the Purchaser be reduced, in consequence of any information relating to the Group or its affairs (other than Disclosed) which may at any time have come to the knowledge of the Purchaser and it shall not be a defence to any claim against any of the Vendor that the Purchaser knew or ought to have known or had constructive knowledge or any information (other than Disclosed) relating to the circumstance giving rise to such claim.
- 16.4 The Vendor shall execute and perform such further documents and acts as the Purchaser may reasonably require effectively to vest the beneficial and registered ownership of the Sale Share and the title, rights, interests and benefit of the Shareholder's Loan in the Purchaser or its nominee, free from all Encumbrances, and with all rights now and hereafter attaching thereto and otherwise to give full effect to each of the Vendor's obligations under this Agreement.
- 16.5 This Agreement supersedes all previous agreements between the parties or any of them in relation to the acquisition of the Sale Share and/or the Shareholder's Loan and each of the parties acknowledges that no claim shall arise in respect of any agreement so superseded by this Agreement.
- 16.6 This Agreement contains the entire agreement between the parties hereto relating to the transactions provided for herein.
- 16.7 Any variation to this Agreement shall be binding only if it is recorded in a document signed by the relevant parties.
- 16.8 The illegality, invalidity or unenforceability of any part of this Agreement shall not affect the legality, validity or enforceability of any other part of this Agreement.
- 16.9 This Agreement may be executed in any number of counterparts by different parties hereto on separate counterparts, each of which when executed and delivered shall constitute an original, but all of which shall together constitute one and the same instrument.
- 16.10 No waiver by any party to this Agreement of any breach by any other party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof and any forbearance or delay by the relevant party in exercising any of its rights hereunder shall not be constituted as a waiver thereof.

17. NOTICES

- 17.1 Notices or other communications required to be given by any Party pursuant to this Agreement shall be written in English and may be delivered personally or sent by registered airmail or postage prepaid, by a recognized courier service or by facsimile transmission to the address of the other Parties set forth below. The dates on which such notices shall be deemed to have been effectively given shall be determined as follows:

- (A) notices given by personal delivery shall be deemed effectively given on the date of personal delivery;
 - (B) notices given by registered airmail or postage prepaid shall be deemed effectively given on the fifth Business Day after the date on which they were mailed (as indicated by the postmark); and
 - (C) notices given by courier shall be deemed effectively given on the second Business Day after they were sent by recognized courier service.
- 17.2 Any Party may at any time change its address or fax number for service of notices in writing delivered to the other Parties in accordance with this Clause 17.
- 17.3 Nothing in this Clause shall preclude the service of communication or the proof of such service by any mode permitted by law.

18. GOVERNING LAW AND JURISDICTION

- 18.1 This Agreement shall be governed by, construed and executed in accordance with the laws of Hong Kong and the parties irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts. Each of the parties hereto also irrevocably agrees to waive any objection which it may at any time have to the laying of the venue of any proceedings in the Hong Kong courts and any claim that any such proceedings have been brought in an inconvenient forum.

AS WITNESS this Agreement was duly executed by or on behalf of the parties the day and year first above written.

SCHEDULE 1

PART A

Particulars of the Company

Company name:	Goldjoy Investment Limited (金怡投資有限公司)
Place of incorporation:	British Virgin Islands
Company no.:	1401915
Date of incorporation:	24 April 2007
Registered office:	Morgan & Morgan Building, Pasea Estate, Road Town, Tortola, British Virgin Islands
Issued capital:	US\$1 divided into 1 share of par value of US\$1.00 each
Sole shareholder(s):	Ng Chi Ming, Ken 1 share (100%)
Sole director(s):	Ng Chi Ming, Ken

Part B

Particulars of the PRC Subsidiary

Company name:	沈陽綠怡置業有限公司	
Place of establishment:	People's Republic of China	
Date of establishment:	13 July 2007	
Enterprise legal person business licence no.:	210100400003979	
Legal address:	沈陽市東陵區李相鎮得勝村	
Total investment:	US\$ 5,000,000	
Registered capital:	US\$ 5,000,000	
Paid-up capital:	US\$ 5,000,000	
Equity interest holder (equity interest in %):	Goldjoy Investment Limited	100%
Legal representative:	Wang Jian (王健)	
Financial year end:	31 December	
Principal activities:	房產開發、自有產權房屋租賃、物業管理。(持資質證經營)	

Part C

Particulars of Liaoning High School

Company name:	遼寧高校後勤集團房地產開發有限公司		
Place of establishment:	People's Republic of China		
Date of establishment:	4 December 2000		
Enterprise legal person business licence no.:	210000400005154		
Legal address:	沈陽市皇姑區陵東街29-1號		
Total investment:	RMB 750,000,000		
Registered capital:	RMB 750,000,000		
Paid-up capital:	RMB 639,500,000		
Equity interest holder (equity interest in %):	康明投資有限公司(Konmen Investment Limited)	70%	
	沈陽綠怡置業有限公司	20%	
	沈陽高創金上房地產投資諮詢有限公司	10%	
Legal representative:	Shi Jian (施建)		
Financial year end:	31 December		
Principal activities:	房地產開發，商品房銷售，房屋租賃		

SCHEDULE 2

PART A

Particulars of the Land

宗地編號: 2007-024號

位置: 沈陽市和平區南大街東側

規劃用地面積: 153,696平方米。其中，已取得土地使用權面積共42,725.8平方米，有關國有土地使用權證書資料列載於附註(一)及附註(二)如下

土地用途: 居住、商業

使用年限: 居住50年、商業40年

備註: 按國家居住區規範設置配套設施

附註(一):

國有土地使用權證書編號 : 沈陽國用(2009)0043號

使用權地號 : 010822501-1

使用面積 : 23,197.6平方米

使用年限 : 50年，終止日期為2058年12月11日

土地用途 : 城鎮混合住宅用地

附註(二):

國有土地使用權證書編號 : 沈陽國用(2009)0044號

使用權地號 : 010822501-2

使用面積 : 19,528.2平方米

使用年限 : 50年，終止日期為2058年12月11日

土地用途 : 城鎮混合住宅用地

PART B

Particulars of the Property

"建賞歐洲"

土地座落	: 沈陽市皇姑區長江街134號
國有土地使用權證號	: 040505403-01
土地使用人	: 遼寧高校後勤集團房地產開發有限公司
使用年限	: 50年
土地用途	: 城鎮混合住宅用地
面積	: 94,871.7平方米

SCHEDULE 3
Warranties

PART A- GENERAL WARRANTIES

Save as Disclosed, the Vendor represents, warrants and undertakes to the Purchaser that all representations and statements of fact set out in this Schedule 3 or otherwise contained in this Agreement are and will be true and accurate in all material respects as at the date hereof and at all times up to and as at Completion.

1. RECITALS AND SCHEDULES

- 1.1 The matters stated in the Recitals and the Schedules to this Agreement are true and accurate.

2. GENERAL

- 2.1 All information which has been given by the Vendor or by his advisers or agents to the Purchaser or his employees or advisers in the course of negotiations leading to this Agreement is true and accurate in all material respects and there is no fact, matter or circumstance which has not been disclosed in writing to the Purchaser which renders any such information untrue, inaccurate or misleading in any material respects.
- 2.2 The Vendor has full power to enter into and perform this Agreement and this Agreement will, when executed, constitute legal, valid and binding obligations on the Vendor in accordance with terms hereof.
- 2.3 The execution, delivery and performance of this Agreement by the Vendor do not and will not violate in any respect any provision of (a) any law or regulation or any order or decree of any governmental authority, agency or court of the jurisdiction in which the Group has business prevailing as at the date of this Agreement and as at Completion; (b) the laws and documents incorporating and constituting any Member of the Group prevailing as at the date of this Agreement and as at completion; or (c) any mortgage, contract or other undertaking or instrument to which the Vendor or any Member of the Group is a party or which is binding, upon it or any of its assets, and does not and will not result in the creation or imposition of any encumbrance on any of its assets pursuant to the provisions of any such mortgage, contract or other undertaking, or instrument.
- 2.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder will not result in the breach and/or cancellation and/or termination of any of the terms and conditions of or constitute a default under any agreement commitment or other instrument to which the Vendor or any Member of the Group is a party or by which any Member of the Group or their respective property or assets may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body or any order, writ, injunction or decree of any court administrative agency or governmental body affecting the Group or any of the foregoing parties to this Agreement.

- 2.5 All and any consent of or filings or registration with or other requirement of any governmental department authority or agency in the jurisdiction in which the Vendor have business(es) which is/are required in relation to the valid execution, delivery or performance of this Agreement (or to ensure the validity or enforceability thereof) and the transactions contemplated thereunder, including but not limited to the sale of the Sale Share and the Shareholder's Loan has/have been duly obtained.
- 2.6 All information given by the Company or the Vendor to the Purchaser and/or its advisers relating to the Group or its business, activities, affairs, or assets or liabilities including but not limited to that given pursuant to the due diligence exercise and replies to the due diligence checklist was, when given, and is now, true, complete and accurate in all material respects and not misleading in any material respect.
- 2.7 There are no facts or circumstances, in relation to the business of the Group which have not been fully and fairly disclosed, and which ought to be disclosed or which, if disclosed, might reasonably have been expected to affect the decision of the Purchaser to enter into this Agreement, or the terms on which it would do so. Nothing has been omitted from this Agreement which renders any of the information in it incomplete, inaccurate or misleading in any material respect.
- 2.8 As at Completion, except for the Shareholder's Loan, there will not be any outstanding indebtedness or other liability (actual or contingent) owing by any of the Group Company to the Vendor or any person connected with the Vendor, nor is there any indebtedness owing to a Group Company by the Vendor.

3. SHARE CAPITAL

- 3.1 The Sale Share represents the entire issued shares of the Company and the Sale Share is issued fully paid or credited as fully paid.
- 3.2 The Vendor is the sole legal and beneficial owner of the Sale Share, and has full right, power and authority to sell and transfer, and will at completion sell and transfer, the full legal and beneficial ownership of the Sale Share free from all Encumbrances (of which there are none in existence) and with all rights now and hereafter attaching thereto.
- 3.3 The Sale Share is not subject to any trust or similar arrangements, whether in Hong Kong or elsewhere.
- 3.4 The Vendor is, and upon Completion will remain as, the legal and beneficial owner of the Shareholder's Loan and is entitled to assign the full legal and beneficial ownership of the same to the Purchaser free from all Encumbrances.
- 3.5 The Company is, and upon Completion will remain as, the legal and beneficial owner of all of the equity interest in the PRC Subsidiary free from all Encumbrances.
- 3.6 The PRC Subsidiary is, and upon Completion will remain as, the legal and beneficial owner of 20% equity interest in Liaoning High School free from all Encumbrances.

- 3.7 Save for the 20% equity interests in Liaoning High School, the Vendor does not have any interests in any securities of or equity interests in SRE or its subsidiaries, including but not limited to any share, stocks, equity, interests, debentures, loan stocks, fund, bonds or notes.
- 3.8 Save in relation to the indirect holding of 20% equity interests in Liaoning High School by the Vendor, each Member of the Group and the Vendor and their respective Associates is not a connected person and is a third party independent of and not connected with any director, chief executive, controlling shareholder or substantial shareholders of the members of SRE or any of their respective Associates.
- 3.9 The Company's interest in its subsidiaries set out in Schedule 1 is held free from all charges, Liens, Encumbrances and claims.
- 3.10 None of the Member of the Group has at any time:
- (A) repaid or redeemed or agreed to repay or redeem any shares of any class of its share capital or otherwise reduced or agreed to reduce any class of its issued share capital or purchased any of its own shares or carried out any transaction having the effect of a reduction of capital; or
 - (B) given any financial assistance in contravention of any Applicable Laws.
- 3.11 Except as otherwise provided or referred to in this Agreement, there is not and has never been:
- (A) any agreement or arrangement in force which provides for the present or future issue, allotment or transfer of, or grant to any person the right (whether conditional or otherwise) to call for the issue, allotment or transfer of, any share or loan capital of any Member of the Group (including any option or right of pre-emption or conversion); or
 - (B) any Encumbrance on or in relation to any issued or unissued shares of the Company or equity interest in the PRC Subsidiary,
- and no claim has been made by any person to be entitled to any such agreement, arrangement or Encumbrance which will not as at Completion been waived in its entirety or satisfied in full.
- 3.12 None of the Member of the Group has granted any right to call for the issue of or agreed to issue at any time after Completion any share or loan capital.
- 3.13 None of the Member of the Group is under any contract, options, warrants or any other obligations regarding any part of its capital, issued or unissued, or for the issue of any shares, debentures, warrants, options, or other similar securities or has agreed to acquire any share or interest or loan capital in any company.

- 3.14 None of the Member of the Group has at any time purchased or repaid any of its own share capital, or given or agreed to give any unlawful assistance in connection with any acquisitions of its or any other company's share capital.
- 3.15 Subsidiaries
- (A) All issued shares in the capital of (or, if applicable, the registered capital in) each of the Members of the Group incorporated in a jurisdiction not being the PRC have been fully paid up.
 - (B) All capital and other contributions due to all Members of the Group established in the PRC have been paid in full within the respective time limits imposed under the terms of the constitutional documents or relevant approval documents.
 - (C) There is no agreement or arrangement in force which calls for the present or future issue or allotment of, or grant to any person the right (whether conditional or otherwise) to call for the issue, allotment or transfer of any share or loan capital of any of any Member of the Group (including any option, notes, warrants or other securities or rights convertible or ultimately convertible into shares or equity interests in any of such subsidiaries).
- 3.16 None of the Member of the Group has any other subsidiary and does not have any investment in any other company. None of the Member of the Group is or has agreed to become a member of any partnership, joint venture, consortium or other unincorporated association.
- 3.17 True copies or certified true copies of the memorandum and articles of association of the Company and the PRC Subsidiary have been provided to the Purchaser. The copies of the memorandum and articles of association of the Company and the PRC Subsidiary so provided are true and complete and have embodied in them or annexed to them a copy of every such resolution, modifications, amendments and agreements as is required by the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), the laws of British Virgin Islands, the laws of PRC or other relevant legislation pursuant to the Applicable Laws.

4. CORPORATE MATTERS

- 4.1 The contents of Schedule 1 are true and accurate in all respects.
- 4.2 Each of the Members of the Group has been duly incorporated/established and constituted, and is legally subsisting under the law of its place of incorporation/establishment. No Member of the Group has taken steps to enter liquidation and there has been no resolution, petition or order for the winding-up of any of the Member of the Group. No Member of the Group is insolvent nor unable to pay its debts, and no receiver has been appointed in respect thereof or any part of the assets thereof, nor are any such resolutions, orders and appointments imminent or likely.

- 4.3 Each of the Members of the Group is not the holder or beneficial owner of, or has not agreed to acquire, any share or loan capital or any investments of any company (whether incorporated in Hong Kong or elsewhere).
- 4.4 Since the date of its incorporation or its establishment, no alteration has been made to the memorandum and articles of association of each of the Members of the Group and no resolution of any kind of the shareholders of the relevant Members of the Group has been passed save as otherwise disclosed herein or filed with the relevant registrar of companies.
- 4.5 All charges against any Member of the Group have (if appropriate) been registered in accordance with the provisions of the Companies Ordinance (Cap. 32) or other relevant legislation and at the relevant land registry or other relevant governmental authority.
- 4.6 All title deeds relating to the assets of any Member of the Group and an executed copy of all agreements to which any Member of the Group is a party, and the original copies of all other documents which are owned by, or which ought to be in the possession of the Group are in its respective possession.
- 4.7 Each of the Members of the Group has never reduced, repaid or repurchased any of its share capital or registered capital.
- 4.8 No events or omissions have occurred whereby the constitution, subsistence or corporate status of any of the Member of the Group have been or are likely to be adversely affected.

5. ACCOUNTS AND FINANCE

- 5.1 The Management Accounts have been prepared with due care and attention in accordance with the requirements of all relevant statutes and generally acceptable accounting practice and policies applied in Hong Kong and all applicable Statements of Standard Accounting Practices or other applicable practicing standard as appropriate and on a consistent basis and give a true and fair view of the state of affairs of the Company, the balance sheet as at the Management Accounts Date and of the profit and losses for the period ended on the Management Accounts Date from the date of the incorporation of the Company, and make proper provision for all actual liabilities, bad and doubtful debts and proper provision for or a note of (in accordance with good accounting practice) all contingent unqualified deferred or disputed liabilities and all capital commitments and except where specified are not affected by any extraordinary, exceptional or non-recurring item.
- 5.2 the Management Accounts:
- (A) are complete and accurate in all material respects and give a true and fair view of the state of affairs and financial position of the Group at the

Management Accounts Date and of the results and profits of the Group ending on the Management Accounts Date;

- (B) comply with all the requirements of the Companies Ordinance (Cap.32) and other relevant statutes;
 - (C) have been prepared in accordance with the International Financial Reporting Standards, and where applicable, the Hong Kong Financial Reporting Standards in Hong Kong (collectively the “**Reporting Standards**”) and comply with all relevant Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the time being in force;
 - (D) are not affected by any extraordinary, exceptional or non-recurring item or by any other matter which has rendered such profits or losses unusually high or low;
 - (E) fully disclose all the assets of the Group as at the Management Accounts Date;
 - (F) make full provision or reserve or note in accordance with the Reporting Standards for all liabilities and capital commitments of the Group outstanding at the date to which they relate, including contingent, unqualified, deferred or disputed liabilities present; and
 - (G) make provision or reserve, in accordance with the principles set out in the notes respectively included in them, for all taxation liable to be assessed on the Group, or for which the Group may be accountable, in respect of the Management Accounts Date as regards the Management Accounts respectively and such provision will be sufficient to cover all Taxation assessed or liable to be assessed on the Group or for which the Group, is, may be or may become accountable in respect of profits, income earnings, receipts, transfers, events and transactions up to and including the last day to which they relate.
- 5.3 No Member of the Group has factored any of its debts or is engaged in financing of a type which would not require to be shown or reflected in the Management Accounts or the PRC Accounts.
- 5.4 There were no capital commitments outstanding on the Management Accounts Date and, since the Management Accounts Date, the Group has not made, or agreed to make, any capital expenditure, or incurred or agreed to incur any capital commitments nor has it disposed of, or realised, any capital assets or any interest therein.
- 5.5 No Member of the Group has any outstanding, or has agreed to create or issue, any loan capital; or has factored any of its debts, or engaged in financing of a type which is not required to be shown or reflected in the Management Accounts or the PRC Accounts.

- 5.6 No Member of the Group has received notice from any lenders to it, requiring repayment or intimating the enforcement of any security the lender may hold over any of its assets.
- 5.7 Since the Management Accounts Date, no further dividend or other distribution has been, or is treated as having been, or has been proposed to be, declared, made or paid by any Member of the Group. All dividends or distributions declared, made or paid by any Member of the Group have been declared, made or paid in accordance with its articles of association and the Applicable Laws.
- 5.8 The Group has not lent any money, or owns the benefit of any debt (whether or not due for repayment).
- 5.9 The Group does not have any other obligations or liabilities (whether actual or contingent).

6. BOOK DEBTS AND LIABILITIES

- 6.1 Other than expressly provided for in the Management Accounts, no part of the amounts included in the Management Accounts, as owing by any debtor is overdue for more than six (6) months, or has been released on terms that any debtor pays less than the full book value of his debt, or has been written off, or has proved to any extent to be irrecoverable, or is now or should properly be regarded by the Group as irrecoverable in whole or in part.
- 6.2 The accounts receivables and other amounts due from the debtors as at Completion will be recoverable in full in the ordinary course of business, none of those amounts is subject to any dispute, counter-claim or set off.
- 6.3 There are no material liabilities (including contingent liabilities) which are outstanding on the part of any Member of the Group, other than the liabilities as disclosed in the Management Accounts or which have arisen in the ordinary course of business since the Management Accounts Date.
- 6.4 There is no money due by any of the Group Company or to the Vendor or his Associates or any previous shareholders or investors of any Member of the Group (if any).

7. TAXATION AND FINANCE

- 7.1 Each Member of the Group has duly complied and will until Completion continue duly to comply with its obligations to account to the Commissioner of Inland Revenue of Hong Kong, the PRC Tax Bureau and the taxation bureau in British Virgin Islands and all other tax or regulatory authorities for all amounts for which it is or may become accountable in respect of Taxation.

- 7.2 All returns, computation and payments (if any) in connection with Taxation that should have been made by a Member of the Group have been made in a timely manner and on a proper basis and will until Completion continue to be so made.
- 7.3 If applicable, each Member of the Group has duly and punctually paid all Taxation which it has become liable to pay and is under no liability to pay any penalty or interest in connection with any claim for Taxation.
- 7.4 Each Member of the Group has sufficient working capital to carry on its businesses in its present form and at present levels of turnover for the foreseeable future (and at least for a period of 12 months after Completion) and for the purposes of carrying out and fulfilling in accordance with their terms all orders, projects and other contractual obligations which have been placed with or undertaken by the Group.
- 7.5 If applicable, each of the Members of the Group has fully and punctually paid all taxes, duties and levies as the same became due and payable and none of the Member of the Group is or is likely to be subject to any tax penalties.
- 7.6 Each Member of the Group has exercised its best endeavors to preserve and secure all tax benefits and refunds.
- 7.7 All particulars (if any) furnished to the Inland Revenue Department or other Taxation authorities, in connection with the application for any consent or clearance on behalf of any of the Members of the Group or affecting any of the Members of the Group fully and accurately disclosed all facts and circumstances material for the decision of those authorities; and consent or clearance is valid and effective; and any transaction, for which consent or clearance has previously been obtained, has been carried into effect (if at all) only in accordance with the terms of the relative application and consent or clearance.
- 7.8 None of the Member of the Group has taken or omitted to take any action which has had, or might have, the result of altering, prejudicing or in any way adversely affecting any arrangement or agreement which it has previously negotiated with the Inland Revenue Department in Hong Kong, or any other Taxation authorities in Hong Kong, the PRC, British Virgin Islands or any other relevant jurisdiction.
- 7.9 All accounting records, vouchers, invoices, ledgers, contracts and memoranda and all other accounting documents of the Members of the Group and records of all transactions thereof are in the possession of the respective Group Company and have been accurately and properly written up, kept and maintained in accordance with generally accepted accounting practice in Hong Kong, the PRC, British Virgin Islands or any other relevant jurisdiction and together shows a true and fair view of the affairs and financial position of the Members of the Group.
- 7.10 Full provision or reserve has been made in the Management Accounts and the PRC Accounts for all Taxation assessed or liable to be assessed on the Group in respect of income, profits or gains earned, accrued or received or deemed to be earned, accrued or received on or before the Management Accounts Date and adequate provision has

been made in the Management Accounts for deferred Taxation in accordance with generally accepted accounting principals.

- 7.11 No Member of the Group has been subject to any audit or investigation by any Taxation Authority and there are no circumstances existing which made it likely that an audit or investigation will be commenced.
- 7.12 None of the Member of the Group is involved in any dispute in relation to Taxation.
- 7.13 No Member of the Group has entered into or been a party to any transaction or any scheme or arrangement of which the main purpose, or one of the main purposes, or the sole or dominant purpose, was the avoidance of or reduction in or the deferral or postponement of a liability to Taxation.
- 7.14 None of the Member of the Group holds any security (including any guarantee or indemnity) which is not valid or enforceable against the grantor thereof in accordance with its terms.
- 7.15 In relation to all financing arrangements to which any of the Members of the Group is a party:
 - (A) there has been no contravention of or non-compliance with any provision of any such document;
 - (B) no steps for the enforcement of any Encumbrances have been taken or threatened;
 - (C) there has not been any alteration in the terms and conditions of any of the said arrangements or facilities all of which are in full force and effect and there has not been any circumstances whereby the terms and condition of any facilities might be prejudiced or which might give rise to any alteration in the terms or conditions of any of the facilities;
 - (D) nothing has been done or omitted to be done whereby the continuance of the said arrangements and facilities in full force and effect might be affected or prejudiced, in particular, as a result of the sale and purchase of the Sale Share and/or the sale and purchase of the Shareholder's Loan or any other matters contemplated in this Agreement; and
 - (E) none of the arrangements is dependent on the guarantee of or on any security provided by a third party.
- 7.16 The total amount (if any) borrowed by each of the Members of the Group:
 - (A) from its bankers does not exceed its overdraft facilities; and

(B) from whatsoever source does not exceed any limitation on borrowing contained in its constitutional documents or any other deed or document binding on it.

7.17 No dividends or other distributions has been, or is treated as having been, declared, made or paid by any Member of the Group since its incorporation or establishment.

7.18 All dividends or distributions declared, made or paid are in accordance with its articles of association or other constituent documents and all Applicable Laws.

8. EVENTS SINCE THE MANAGEMENT ACCOUNTS DATE

8.1 Since the Management Accounts Date,

(A) there has been no material and adverse change in the assets and liabilities, financial position, trading condition and prospects of the Group;

(B) the business of the Group has been carried on in the ordinary and usual course and so as to maintain the same as a going concern;

(C) the Group has not become bound or liable to be called upon to repay prematurely any loan capital;

(D) the Group has not (i) acquired any assets of whatsoever nature; (ii) sold, transferred or otherwise disposed of any assets of whatsoever nature; (iii) cancelled or waived or released or discounted in whole or in part any debts or claims;

(E) the Group has not incurred any capital expenditure or made any capital commitment; and

(F) the Group has not changed any method of management or operation in respect of the business, undertaking or assets of the Group.

8.2 No circumstances exist whereby (whether by reason of an existing agreement or arrangement or otherwise) as a result of the sale and purchase referred to in this Agreement.

8.3 The Group is empowered and duly qualified to hold its assets and properties in all jurisdictions in which it now holds.

8.4 The Group is not and has not agreed to become a member of any joint venture, consortium, partnership or other unincorporated association; and the Group is not and has not agreed to become, a party to any agreement or arrangement for sharing commissions or other income.

8.5 The Group is not a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement, or any restrictive trading or

other agreement or arrangement pursuant to which any part of its business is carried on, or which in any way restricts its 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.

9. ASSETS

- 9.1 The assets of each Member of the Group are solely the property of such member and are not subject to any Encumbrance or any agreement to give or create any Encumbrance including any bill of sale, hire or hire purchase agreement, conditional sale, credit sale or similar agreement.
- 9.2 The Group legally and beneficially owns and has good and marketable title to and possession of, all the assets included in the Management Accounts and the PRC Accounts. The Group legally and beneficially owned, and had good and marketable title to and possession of, all assets acquired since the Management Accounts Date and not subsequently sold or realised as aforesaid. The Group has not acquired or agreed to acquire any assets since the Management Accounts Date.
- 9.3 The assets shown in the Management Accounts and the PRC Accounts as being owned by the Group comprise all assets necessary for the full and effective carrying on of the business of the Group as now carried on.
- 9.4 The Group has not created, or granted, or agreed to create or grant, any Encumbrance in respect of any of the assets included in the Management Accounts and the PRC Accounts, or acquired or agreed to be acquired since the Management Accounts Date, in each case otherwise than in the ordinary course of its business, or in respect of the undertaking, goodwill or uncalled capital of the relevant company.
- 9.5 As at the date of this Agreement and Completion, the only assets of the Company is and will be 100% equity interests in the PRC Subsidiary. Save and except for holding the equity interests in the PRC Subsidiary, the Company does not hold any assets or carry on any business or investment.
- 9.6 As at the date of this Agreement and Completion, the only assets of the PRC Subsidiary is and will be 20% equity interests in Liaoning High School. Save and except for holding the equity interests in Liaoning High School, the PRC Subsidiary does not hold any assets or carry on any business or investment.

10. DISPUTES AND LITIGATION

- 10.1 No Member of the Group is engaged in (nor is any director in relation to the affairs of any Member of the Group engaged in) any legal proceedings (including litigation, arbitration and prosecution) and no such proceedings are pending or threatened, nor are there any facts likely to give rise to such proceedings known or which would on reasonable enquiry be known to any Member of the Group or their respective directors. There are no claims pending or threatened, or capable of arising, against the Group by an employee or workman or third party, in respect of any accident or injury, which are not fully covered by insurance.

- 10.2 There is no dispute with any revenue or official department in Hong Kong, the PRC, British Virgin Islands or any other part of the world in relation to the affairs of any Member of the Group.
- 10.3 There are no governmental or other investigation or inquires or disciplinary proceedings concerning the Group and no such investigation or inquires or disciplinary proceedings are pending or threatened and there are no facts likely to give rise to such investigation, inquiry or proceedings.
- 10.4 No order has been made, or petition presented, or resolution passed for the winding up of any Member of the Group; nor has any distress, execution or other process been levied in respect of the any Member of the Group which remains undischarged; nor is there any unfulfilled or unsatisfied judgment or court order outstanding against any Member of the Group.
- 10.5 There is no unsatisfied judgment, order or decree of any court or any governmental agency outstanding against the Group or which may have material adverse effect upon the Group or its business, operations assets or liabilities or any part of the same.

11. CORPORATE RECORDS

- 11.1 Each Member of the Group has kept and duly made up all requisite books of account (reflecting in accordance with good accounting principles all the financial transactions of the relevant Member of the Group), minute books, registers, records and these and all other deeds and documents (properly stamped where necessary) belonging to or which ought to be in the possession of a Member of the Group and its seal are in the possession of the relevant member of the Group or the lender(s) to the Member of the Group concerned (where such documents form part of the loan or security documents for loans made to the Group or documents required to be delivered under such loan or security documents).
- 11.2 All accounts, books, ledgers, and other financial records of each Member of the Group:
- (A) have been properly maintained, are in the possession of the Company and contain due and accurate records of all matters required by law to be entered therein;
 - (B) do not contain or reflect any inaccuracies or discrepancies; and
 - (C) give and reflect a true and fair view of the matters which ought to appear therein and no notice or allegation that any of the same is incorrect has been received, or if the relevant Member of the Group has received such notice or allegation, the incorrectness or errors have been rectified.
- 11.3 Without prejudice to the generality of paragraph 11.1, the minute book of directors' meetings and the minute book of shareholders' meetings respectively of each member

of the Group contain full and accurate records of all resolutions passed by the directors and the shareholders of the member of the Group concerned and no resolutions have been passed by either the directors or shareholders of the member of the Group concerned which are not recorded in the relevant minute books.

- 11.4 All annual or other returns required to be filed by each of the Members of the Group with the relevant governmental authorities have been properly filed within any applicable time limit and all legal requirements relating to the issue of shares and other securities by all Members of the Group have been complied with.
- 11.5 The register of members and all other statutory books of the Members of the Group are up to date and contain true full and accurate records of all matters required to be dealt with therein and none of the Member of the Group has received any notice of any application or intended application for rectification of its register.

12. INTELLECTUAL PROPERTY RIGHTS

- 12.1 None of the Member of the Group has registered, or made application for registration of, or acquired or is in the process of acquiring any trade marks, service marks or any other intellectual property rights.
- 12.2 So far as the Vendor is aware of after making all reasonable enquiries, that to the best of his knowledge, the business of each Member of the Group as now carried on do not, and are not likely to, infringe any intellectual or industrial property right of any other person (or would not do so if the same were valid) and no claims have been made and no applications are pending of which the Vendor is aware which if pursued or granted may materially and adversely affect the relevant Member of the Group or its business.
- 12.3 No Member of the Group has (otherwise than in the ordinary and normal course of business) disclosed, or permitted to be disclosed, or undertaken or arranged to disclose, to any person other than the Purchaser any of its know-how, trade secrets, confidential information, price lists or lists of customers or suppliers.

13. COMPLIANCE WITH LAWS

- 13.1 Each Member of the Group has conducted its business in all material respects in accordance with all Applicable Laws and regulations of Hong Kong, British Virgin Islands and the PRC and any relevant foreign country and there is no order, decree or judgment of any court or any governmental agency of Hong Kong, British Virgin Islands or the PRC or of any foreign country outstanding against the Company or its subsidiaries or which may have a material adverse effect upon the assets or business of any Member of the Group.
- 13.2 Each Member of the Group has, at all times, carried on business and conducted its affairs in all respects in accordance with its memorandum and articles of association (or other constitutional documents) for the time being in force and any other documents to which it is, or has been, a party.

- 13.3 All necessary licences, consents, registrations, authorities, permits and authorities (public and private) have been obtained by each Member of the Group to enable each Member of the Group 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 each of the Vendor knows of no reason why any of them should be suspended, cancelled or revoked or should not be renewed or reissued upon or prior to their expiry.
- 13.4 Neither any Member of the Group nor any of their officers, agents or employees (during the course of their 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 ordinance, order, regulation, enactment, statute or the like in Hong Kong, British Virgin Islands, the PRC or elsewhere which is punishable by fine or other penalty.
- 13.5 The Group (for any person for whose acts or defaults it may be vicariously liable) has not committed any criminal, illegal or other unlawful act or any breach of contract or statutory duty or any tortious or other act or default which could lead to a claim against the Group for damages or for any injunction or which would entitle any third party to terminate any contract to which the Group is a party.
- 13.6 There is and has been no governmental or other investigation, enquiry or disciplinary proceeding concerning any Member of the Group in any jurisdiction and none is pending or threatened. To the best of the Vendor's knowledge, no fact or circumstance exists which might give rise to any such investigation, enquiry or proceeding.
- 13.7 There is no dispute with any revenue, or other official, department, agency or body in relation to the affairs of the Group, and there are no facts which may give rise to any dispute.
- 13.8 There is no governmental authority that has:
- (A) instituted or, to the best of the knowledge of the Vendor, threatened any action or investigation to restrain, prohibit or otherwise challenge the sale and purchase and the completion of the transactions contemplated in connection with this Agreement; or
 - (B) to the best of the knowledge of the Vendor, proposed or adopted any requirements of law which would prohibit, materially restrict the operations of any Member of the Group as currently conducted or currently proposed to be conducted.
- 13.9 None of the information requested by any governmental body in relation to the transactions contemplated by this Agreement is, in the reasonable opinion of the Vendor, unusual or otherwise outside the ordinary course.

- 13.10 To the best of the knowledge of the Vendor, no Member of the Group has made or authorized any offer, payment, promise to pay, contribution or gift of money, property or services, which would be in contravention of any requirements of any Applicable Laws.

14. BUSINESS

- 14.1 Since the PRC Audited Accounts Date (save as reflected in the Management Accounts):

- (A) each of the Members of the Group has carried on its business in the ordinary and usual course and without having entered into any material transaction, assumed any material liability or made any material payment not provided for in the Management Accounts which is not in the ordinary course of its business or suffered any material adverse interruption or alteration in the nature, scope or manner of its business;
 - (B) each of the Members of the Group has paid its creditors within the time agreed with such creditors and there are not debts outstanding by the Company which have been due for more than three months;
 - (C) none of the Member of the Group has entered into, or agreed to enter into, any capital commitments;
 - (D) no share or loan capital has been issued or agreed to be issued by any Member of the Group;
 - (E) no distribution of capital or income has been declared, made or paid in respect of any share capital of any Member of the Group and (excluding fluctuations in overdrawn current accounts with bankers) no loan or loan capital of any Member of the Group has been repaid in whole or part or has become liable to be repaid;
 - (F) no unusual trade discounts or other special terms have been incorporated into any contract entered by any of the Member of the Group inconsistent with the previous practice of the Group; and
 - (G) there has been no material deterioration in the financial or trading position, prospects, turnover, assets and liabilities or net asset value of the Group taken as a whole.
- 14.2 There has not been any damage, destruction, or loss, whether covered by insurance or not, materially and adversely affecting the business of the Group;
- 14.3 There has not been any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and statutory rights to customers in inventory and other assets;

- 14.4 No one is entitled to receive from any Member of the Group any finder's fee, brokerage, or other commission in connection with the purchase of the Sale Share and/or the Shareholder's Loan.
- 14.5 The acquisition of Sale Share and the Shareholder's Loan by the Purchaser and compliance with the terms of this Agreement will not:
- (A) cause any Member of the Group to lose the benefit of any right or privilege it presently enjoys or cause any person who normally does business with the Group not to continue to do so on the same basis as previously;
 - (B) relieve any person of any obligation to the Group (whether contractual or otherwise) or enable any person to determine any such obligation or any right or benefit enjoyed by the Group or to exercise any right whether under an agreement with or otherwise in respect of any of them;
 - (C) result in any present or future indebtedness of the Group becoming due or capable of being declared due and payable prior to its stated maturity;
 - (D) give rise to or cause to become exercisable any right of pre-emption; or
 - (E) adversely affect the Group's relationships with its clients, customers, suppliers or employees.
- 14.6 The principal business activities of the Group are the business of investment holding.
- 14.7 The Group has not and will not pending Completion carried on any business or activities or since the date of its incorporation or establishment.
- 14.8 The accounting books and records of the Group of material importance have been maintained in accordance with the applicable law and have been properly written up and present a true and fair view of all the transactions in a material respect to which the Group has been a party and there are at the date hereof no inaccuracies or discrepancies of any kind contained or reflected in the said books and records.

15. AGREEMENTS

- 15.1 All documents to which any Member of the Group is a party and other documents owned by or which ought to be in the possession of the Group have been properly stamped (if required) and are in the Group's possession and true and complete copies thereof have been delivered to the Purchaser or its legal representative.
- 15.2 No Member of the Group is a party to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which:
- (A) is incapable of complete performance in accordance with its terms within six months after the date on which it was entered into or undertaken;

- (B) is known or is likely to result in a loss to the Group on completion of performance;
 - (C) cannot readily be fulfilled or performed by the Member of the Group on time without undue or unusual expenditure of money and effort;
 - (D) involves or is likely to involve obligations, restrictions, expenditure or receipts of an unusual, onerous or exceptional natures;
 - (E) is a lease or a contract for hire or rent, hire purchase or purchase by way of credit sale or periodical payment;
 - (F) is a contract with any trade union or body or organisation representing the employees of any Member of the Group;
 - (G) requires an aggregate consideration payable by any Member of the Group in excess of HK\$500,000 otherwise than in the ordinary course of business of the Group;
 - (H) is a contract for services (other than normal office services);
 - (I) requires any Member of the Group to pay any commission, finders' fee, royalty or the like;
 - (J) in any way restricts the Group'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
 - (K) is of an unusual or abnormal nature, or in any way outside the ordinary and proper course of business;
- 15.3 No Member of the Group is a party to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which is prohibited, void, illegal or unenforceable, or has any consequences (including the application of disclosure, registration or notification requirements), under any laws or requirements of any jurisdiction relating to competition, anti-trust, fair trading and similar matters.
- 15.4 No Member of the Group is a party to any agreement under which the Member of the Group or any other party is in default, being a default which is material in relation to the financial or trading position of any of the Group Member nor are there any circumstances likely to give rise to such a default.
- 15.5 No person other than a Member of the Group has given any guarantee of or security for any overdraft, loan or loan facility granted to any Group Company.
- 15.6 No offer, tender, proposal or the like is outstanding which is capable of being converted into an obligation of any Member of the Group by acceptance, or other act, of some other person, firm or company.

- 15.7 There are in force no powers of attorney given by any Member of the Group. No person, as agent or otherwise, is entitled or authorised to bind or commit a Member of the Group to any obligation not in the ordinary course of the Group's business.
- 15.8 There is no outstanding contract or arrangement to which any Member of the Group is a party and in which the Vendor or any director of the Members of the Group, is or has been interested, whether directly or indirectly.
- 15.9 Each Member of the Group is not a party to, and its profits or financial position since its incorporation or establishment have not been affected by, any contract or arrangement which is not of an arm's length nature.
- 15.10 The execution of, or compliance with the terms of, this Agreement does not and will not:
- (A) conflict with, or result in the breach of, or constitute a default under, any of the terms, conditions or provisions of any agreement or instrument to which any Member of the Group is a party, or any provision of the memorandum or articles of association of any Member of the Group or any Encumbrance, lease, contract, order, judgment, award, injunction, regulation or other restriction or obligation of any kind or character by which or to which any asset of the Group is bound or subject;
 - (B) relieve any person from any obligation to the Group (whether contractual or otherwise), or enable any person to determine any obligation, or any right or benefit enjoyed by the Group, or to exercise any right, whether under an agreement with, or otherwise in respect of, the Group;
 - (C) result in the creation, imposition, crystallisation or enforcement of any Encumbrance whatsoever on any of the assets of the Group;
 - (D) result in any present or future indebtedness or other facilities of the Group becoming due, or capable of being declared due and payable, prior to its stated maturity; or
 - (E) require the Company, the PRC Subsidiary and/or the Vendor to obtain the consent or approval of any person, body or authority (whether as a matter of regulation, contract, or other requirement or expectation whether formal or not).

16. **BORROWINGS**

- 16.1 The total amount borrowed by any Member of the Group from their respective bankers does not exceed any limits granted under any relevant facilities and the total amount borrowed by any Member of the Group from whatsoever source does not exceed any limitation on its borrowing power contained in their respective articles of association, or in any debenture or loan stock deed or other instrument.

- 16.2 The Group have no outstanding, or have not agreed to create or issue, any loan capital, nor have the Group factored any of its debts, or engaged in financing of a type which would not require to be shown or reflected in the Management Accounts or the PRC Accounts or borrowed any money which have not been repaid.
- 16.3 The Group does not have, or as the case may be, has not provided:
- (A) any borrowing or indebtedness in the nature of borrowing or any other credit facility including any bank overdrafts and acceptance credits;
 - (B) any mortgage, charge or debenture or any obligation (including a conditional obligation) to create a mortgage, charge or debenture;
 - (C) any guarantee, letter of comfort, indemnity or suretyship in respect of the obligations or solvency of any other party; and
 - (D) any indebtedness other than those arising in the ordinary course of business.
- 16.4 In relation to all mortgages, overdrafts and other loan or financial facilities available to the Group (if any):
- (A) there has been no contravention of, or non-compliance with any provision of any of those documents;
 - (B) no steps for the early repayment of any indebtedness have been taken or threatened;
 - (C) there have not been, nor are there any circumstance whereby the continuation of any of the facilities might be prejudiced, or which might give rise to any alteration in the terms and conditions of any of the facilities;
 - (D) none of the facilities may be terminated, or mature prior to its stated maturity as a result of this Agreement or any thing contemplated by this Agreement; and
 - (E) full and accurate details of which have been disclosed in writing to the Purchaser.
- 16.5 The Group have not lent any money or provided any credit which has not been repaid or owns the benefit of any debt (whether or not due for repayment), other than debts which have arisen in the ordinary course of its business; and the Group have not made any loans or extended any credit contrary to the Applicable Laws and its constituent documents.
- 16.6 None of the Vendor or any Member of the Group has done anything whereby the continuance in full force and effect of any overdrafts, loans or finance facilities extended to the Group might be affected or prejudiced.

17. EMPLOYMENT

- 17.1 No Member of the Group has any employees (whether full time or part time).
- 17.2 The Company has, and has had, no consultants and no consultancy arrangements outstanding.
- 17.3 No Member of the Group is under any obligation and liability to pay any party (including its director and secretary) any remuneration, damages or other payments for services rendered to the Group or by virtue of the office they held in the Group.
- 17.4 No Member of the Group is involved in any dispute with, or subject to any claim from, any of its current or former directors, employees, consultants or other contractors, and there are no facts known to the Vendor which might suggest that there may be any dispute or claim or that any of the provisions of this Agreement may lead to any such dispute or claim.
- 17.5 There are no claims pending or threatened, or capable of arising, against any Member of the Group, by an employee or workman or third party, in respect of any accident or injury, which are not fully covered by insurance.
- 17.6 No loan or advance or financial assistance has been made by any Member of the Group to any employee or officer or past or prospective employee or officer, which is outstanding.
- 17.7 The Group and its employees are not involved in any industrial dispute, and there are no facts known, or which would on reasonable enquiry be known to the Vendor which might suggest that there may be any industrial dispute involving the Group.
- 17.8 Since the Management Accounts Date,
- (A) no change has been made in the rate of remuneration, or the emoluments or pension benefits, of any officer, ex-officer or executive of the Group; and
 - (B) no change has been made in any other terms of employment of any officer or executive.
- 17.9 No Member of the Group is under any legal liability or obligation, or is a party to any ex-gratia arrangement or promise, to pay retirement benefits, pensions, gratuities, superannuation allowances or the like, to or for the benefit of any past or present officers or employees or their dependents and there are no retirement benefit or pension or death benefits or employment scheme or arrangement in relation to or binding on the Group or to which the Group has to make contribution.
- 17.10 There is no outstanding contract of service between any Member of the Group and any of its directors, officers or employees which is not terminable by the relevant member of the Group without compensation by three months' notice given at any time and

there are no claims pending or threatened, or capable of arising against any Member of the Group by any employee or third party, in respect of any accident or injury not fully covered by the insurance.

- 17.11 Save as regards any scheme which the Group is or may become obliged to join or subscribe under any applicable law or regulations, there is no scheme or fund in respect of retirement, pension, health insurance, housing, bonus, incentive, share option or other benefits to directors, officers, staff, employees or any other party to which any of the Members of the Group is a party or in respect of which there is any obligation or liability, present or future, actual or contingent.

18. PENSIONS

- 18.1 Save as required by law, no Member of the Group is under any obligation to pay any retirement or death or disability benefit, pension, gratuity, annuity, superannuation allowance or the like, or life assurance, medical insurance or permanent health payments or the like (the aforesaid together, “**Benefit**”), to or for any of its past or present officers, employees or their dependant or other person; and no Member of the Group has any schemes, plans arrangements or proposals in relation to Benefits in place.

19. INSURANCE

- 19.1 All insurance policies (if any) taken out by the Group are valid, binding, in full force and effect and not voidable. There are no circumstances which might lead to any liability under any such insurance policies being avoided by the insurers or the premiums being increased and there is no claim outstanding under any such policy nor are there any circumstances likely to give rise to a claim.
- 19.2 All premiums or other amounts payable in respect of the insurance policies in respect of the assets of the Group have been paid.

20. ENVIRONMENT

- 20.1 For the purposes of this paragraph:
- (A) “Environment” means all or any part of the air (including, without limitation, air within buildings or natural or man-made structures whether above or below ground), water (including, without limitation, territorial, ocean, coastal and inland waters, surface water, groundwater and drains and sewers) and land (including, without limitation, sea bed or river bed under any water as described above, surface land and sub-surface land, and any natural or man-made structures), and also includes human, animal and plant life; and
- (B) “Environmental Law” means any treaty, national, state, federal or local law, common law rule or other rule, regulation, ordinance, by-law, code, decree, demand or demand letter, injunction, judgement, notice or notice demand, code of practice, order or plan issued, promulgated or approved thereunder or

in connection therewith pertaining to the protection of the Environment or to health and safety matters (and shall include, without limitation, laws relating to workers and public health and safety).

- 20.2 None of the Member of the Group is engaged in any business which is or will in any circumstances subject to the compliance of Environmental Law and no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or government agency, against or affecting any Member of the Group relating to the Environment have occurred.
- 20.3 There is no civil, criminal or administrative action, claim, investigation or other proceeding or suit pending or threatened against any Member of the Group arising from or relating to Environmental Law which is material in the context of the Group as a whole and there are no circumstances existing which may lead to any such action, claim, investigation, proceeding or suit.
- 20.4 None of the Member of the Group occupies, leases, owns, uses or has previously used, owned, leased or occupied, any property such that it is or may be wholly or partly responsible for the costs of any clean-up or other corrective action to any site or any part of the Environment.
- 20.5 There are no circumstances which require or may require any Member of the Group to incur significant expenditure which is material in the context of the Group as a whole in respect of the Environment or under Environmental Law.

21. REPETITION OF WARRANTIES

- 21.1 If Completion does not take place forthwith upon the signing of this Agreement, the Warranties contained in this Schedule 3 shall be deemed to be repeated immediately before Completion and to relate to the facts and circumstances then existing.

22. GRANTS AND ALLOWANCES

- 22.1 No Member of the Group has supplied for or received any grant or allowance from any supranational, national or local authority or government agency.

23. POWERS OF ATTORNEY

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

24. PENDING COMPLETION

- 24.1 In the event of Completion not taking place forthwith upon the signing of this Agreement, the Vendor shall procure that the business of each Member of the Group are operated in a manner consistent with past practices during the period from the date

hereof until Completion, and in particular, but without prejudice to the generality of the foregoing, the Vendor shall not, and shall procure that each Member of the Group will not, at any time between the date of this Agreement and the Completion Date without the prior consent in writing from the Purchaser:

- (A) issue or agree to issue any of its share or loan capital or grant or agree to grant any option over or right to acquire any of its share or loan capital or do or permit to do any act, deed or thing which might result in the same;
- (B) borrow or otherwise raise money or incur or discharge any indebtedness or create any security;
- (C) enter into any contract (otherwise than in the ordinary course of business) or any capital commitment or undertake or incur any contingent liability;
- (D) in any way depart from the ordinary course of its day to day business either as regards the nature, scope or manner of conducting the same, or otherwise do anything whereby its financial position will foreseeably be rendered less favourable than at the date hereof in any respects;
- (E) create or permit to arise any lien, charge, pledge, mortgage or other security interest on or in respect of any of its undertaking, property or assets;
- (F) declare, pay or make any dividends or other distributions;
- (G) sell or transfer or otherwise dispose of any part of its assets, or waive any right of material value or cancel or release any debt or claim, or create or permit to arise any Encumbrance on or in respect of any part of its undertaking, property or assets;
- (H) discharge or satisfy any Encumbrance, its undertaking, property or assets or any obligation or liability whether actual or contingent, or make any payment or enter into any commitment or obligation of any kind;
- (I) knowingly contravene or fail to comply with any obligation, statutory or otherwise fail to perform and continue to perform in accordance with the terms of any contracts, or knowingly terminate any agreement, arrangement or understanding, or enter into any contract or arrangement whether relating to the business of such Member of the Group or outside the ordinary course of business of such Member of the Group;
- (J) fail to duly reserve and preserve its material rights in respect of any actual or potential litigation, arbitration or other proceedings material to it, or fail to continue to maintain in full force and effect all insurance policies now in effect or renewals thereof, and not knowingly default under any provision thereof and duly to give any notice and present and maintain any claims under any such insurance policies;

- (K) fail to duly file all reports or other documents required to be filed with governmental authorities or to duly observe and conform in all respects to all laws and regulations for which any Member of the Group is subject to, or any consents, approvals, licences and permits relating to its business or any of its assets, or dispose of the ownership, possession, custody or control of any of its corporate or other books or records;
- (L) amend, vary or agree to amend or vary any contract to which any Member of the Group is a party;
- (M) lend any money to any of the Directors or their respective associates or give any security over any of its assets to any of the Directors or their respective Associates in respect of any loan made to them;
- (N) commit any act or omission which would constitute a breach of the representations, warranties and undertaking set out in Schedule 3 (including both Part A and Part B);
- (O) to make any expenditure or payment of over HK\$200,000 for a single transaction or aggregate of HK\$1,000,000 for the total expenditure or payment of multiple transactions; or
- (P) appoint any directors, secretary or (pursuant to any power of attorney or similar authority) attorney other than as provided in this Agreement, and each of the Vendor shall procure that the Purchaser be kept fully, punctually and regularly informed of the affairs of the Members of the Group until the Completion Date.

24.2 Between the date hereof and Completion, any disclosure of information relating to this Agreement shall first be agreed by the Vendor and the Purchaser, unless the form and content of the disclosure has been required by any regulatory authority, in which case the relevant party shall copy the other parties on any response made to such a requirement, or unless such disclosure is required for the applications for consents and approvals for the acquisition made by the Purchaser as stipulated in Clause 2 of this Agreement.

24.3 Pending Completion and forthwith after the date hereof, the Purchaser and any person authorised by it (including but not limited to any employee of the Purchaser or any of its subsidiaries, the Purchaser's Accountants, the Purchaser's Solicitors, surveyors and other professional advisers) shall be given full access to all the books and records of each Member of the Group and the Vendor shall give promptly all such information, facilities and explanations as the Purchaser and/or any such authorised person may reasonably request and the Vendor shall procure that the Purchaser and/or any such authorised person is given full access to all the books and records of each Member of the Group and shall procure that the respective directors and other officers of each Member of the Group will give promptly all such information, facilities, and explanations as the Purchaser and/or any such authorised person may request.

- 24.4 Prior to the Completion Date, if any of the Warranties set out in this Schedule 3 (including both Part A and Part B) are found to be untrue, inaccurate or misleading or have not been fully carried out in any respect, or in the event of the Vendor becoming unable or failing to do anything required under this Agreement at or before the Completion Date, the Purchaser may by notice in writing rescind this Agreement without prejudice to the Purchaser's right to claim against the Vendor for all damages sustained by the Purchaser including but not limited to all costs and expenses, incurred by the Purchaser for fulfilling its obligation under this Agreement and any legal fee or other professional fee incurred therefrom.

25. GENERAL

- 25.1 All information contained in this Agreement or in the documents referred to herein and therein and all other information concerning the Group and/or any part or parts of its business operations assets and liabilities (actual or contingent) supplied in the course of the negotiations leading to this Agreement to the Purchaser or the Purchaser's Solicitors was when given true, complete and accurate in all respects and there is no fact or matter which has not been disclosed which renders any such information or documents untrue, inaccurate or misleading at the date of this Agreement or which if disclosed might reasonably be expected to influence adversely the Purchaser's decision to purchase the Sale Share and/or the Shareholder's Loan on the terms of this Agreement.

PART B- WARRANTIES APPLICABLE TO THE PRC SUBSIDIARY

1. BOOK DEBTS

All account receivables of the PRC Subsidiary (if any) as at the Management Accounts Date, will be fully recovered by the PRC Subsidiary on or before the Completion.

2. COPORATE MATTERS

- 2.1 The PRC Subsidiary is validly established and constituted, and is legally subsisting under the laws of the PRC, and has the requisite corporate power and all permits, authorities, licences and consents (whether granted by public or private authority) necessary to operate its assets and property and to carry on its business in the matter and in the places in which its business is now carried on and there are no circumstances which might lead to the suspension or cancellation of any such permits, authorities, licences or consents.
- 2.2 The business licence and approval certificate issued by the relevant PRC governmental authorities and all other necessary approvals, licences, permits and consents in respect of the PRC Subsidiary or its business have been obtained and are valid and subsisting. The entering into of this Agreement and/or the Completion pursuant to this Agreement will not prejudice any such approvals, licences, permits and consents or violate against the relevant PRC laws or any other applicable legislation or legislative or administrative regulations, directions or orders.
- 2.3 No notice or allegation that any of the documents referred to in paragraph 2.1 is invalid, incorrect or should be rectified, has been received.
- 2.4 The existing registered capital of the PRC Subsidiary was timely contributed, have been duly verified by a certified accountant registered in the PRC and the accounting firm employing such accountant, and the report of the certified public accountant evidencing such verification has been registered with the relevant governmental body, and such registered capital is and free and clear of any Encumbrances.
- 2.5 The PRC Subsidiary has been conducting and will conduct its business activities within the permitted scope of business or is otherwise operating their respective business in full compliance with all requirements of the PRC law and with all requisite licenses, permits and approvals granted by competent PRC governmental authorities.
- 2.6 No events or omissions have occurred whereby the constitution, subsistence or corporate status of the PRC Subsidiary has been or is likely to be adversely affected.

3. CORPORATE RECORDS

- 3.1 All accounts, books, ledgers, and other financial records of the PRC Subsidiary:

- (A) have been properly maintained, are in its possession and control, and contain due and accurate records of all matters required by law to be entered therein;
 - (B) do not contain or reflect any inaccuracies or discrepancies; and
 - (C) give and reflect a true and fair view of the matters which ought to appear therein and no notice or allegation that any of the same is incorrect has been received, or if the PRC Subsidiary has received such notice or allegation, the incorrectness or errors have been rectified.
- 3.2 The register of members and other statutory books of the PRC Subsidiary have been properly kept and contain an accurate and complete record of the matters with which they should deal up to the date of this Agreement and to the date of Completion.
- 3.3 The minute book of directors' meetings and the minute book of shareholders' meetings respectively of the PRC Subsidiary contain full and accurate records of all resolutions passed by the directors and the shareholders of the PRC Subsidiary and no resolutions have been passed by either the directors or shareholders of the PRC Subsidiary which are not recorded in the relevant minute books.
- 3.4 All documents requiring to be filed with or approved by the Ministry of Foreign Trade and Economic Co-operation and the State Administrative Bureau for Industry and Commerce and any other relevant authorities in the PRC in relation to the establishment of the PRC Subsidiary have been properly made up, presented, filed and approved.

4. ACCOUNTS AND FINANCE

- 4.1 The PRC Accounts have been prepared with due care and attention in accordance with the requirements of all relevant statutes and generally acceptable accounting practice and policies applied in the PRC and all applicable Statements of Standard Accounting Practices or other applicable practicing standard as appropriate and on a consistent basis and give a true and fair view of the state of affairs of the PRC Subsidiary (including but not limited to assets, liabilities financial position) and its balance sheet as at the PRC Audited Accounts Date (as regard to the PRC Audited Accounts) and the Management Account Date (as regard to the PRC Management Accounts) and of the profit and losses for the period ended on the PRC Audited Accounts Date (as regard to the PRC Audited Accounts) and the Management Accounts Date (as regard to the PRC Management Accounts), and make proper provision for all actual liabilities, bad and doubtful debts and proper and adequate provision for or a note of (in accordance with good accounting practice) all contingent unqualified deferred or disputed liabilities and all capital commitments of the PRC Subsidiary and except where specified are not affected by any extraordinary, exceptional or non-recurring item.

4.2 The PRC Audited Accounts:

- (A) were prepared in accordance with all applicable laws and with generally accepted accounting principles, standards and practices in the PRC;
- (B) show a true and fair view of the state of affairs, the assets and liabilities and the financial and trading positions of the PRC Subsidiary and of Liaoning High School as at the Accounts Date and the results of the PRC Subsidiary and of Liaoning High School including the profits and losses, changes in equity and cash flows for the year ended on the Accounts Date and apply bases and policies of accounting which have been consistently applied in accordance with generally accepted accounting principles in the PRC;
- (C) were audited by an auditor or a firm of accountants qualified to act as auditors in the PRC and the auditors' report required to be annexed to each of the Accounts is unqualified;
- (D) are true and accurate, correctly make or include full provision for all actual liabilities, proper and adequate provision or reserve for any bad and doubtful debts and all established liabilities (including dividends or other distributions), make proper and adequate provision for (or contain a note in accordance with good accounting practice in respect thereof) all deferred, disputed or contingent liabilities (whether liquidated or unliquidated) and all capital commitments of the PRC Subsidiary and Liaoning High School as at the end of the year ended on the Accounts Date and the reserves and provisions (if any) made therein for all Taxation relating to any period on or before the Accounts Date are proper and adequate;
- (E) are not affected by any unusual, exceptional, extraordinary or non-recurring items which are not Disclosed; and
- (F) have been filed in accordance with the requirements of applicable laws of the PRC.

4.3 The PRC Management Accounts:

- (A) were prepared in accordance with applicable law and generally accepted accounting principles in the PRC consistent with those applied in the PRC Audited Accounts;
- (B) fairly present the state of affairs and financial and trading positions of the PRC Subsidiary and of Liaoning High School and of their assets and liabilities as at the Management Accounts Date and their results for the financial period ended on the Management Accounts Date; and
- (C) were not adversely affected by any unusual, exceptional, extraordinary or non-recurring items which are not disclosed in the PRC Management Accounts.

4.4 The Updated PRC Management Accounts:

- (D) will be prepared in accordance with applicable law and generally accepted accounting principles in the PRC consistent with those applied in the PRC Audited Accounts;
- (E) will fairly present the state of affairs and financial and trading positions of the PRC Subsidiary and of Liaoning High School and of their assets and liabilities as at the Updated PRC Management Accounts Date and their results for the financial period ended on the Updated PRC Management Accounts Date; and
- (F) will not be adversely affected by any unusual, exceptional, extraordinary or non-recurring items which are not disclosed in the Updated PRC Management Accounts.

4.5 There were no capital commitments outstanding on the Management Accounts Date and, since the Management Accounts Date, the PRC Subsidiary has not made, or agreed to make, any capital expenditure, or incurred or agreed to incur any capital commitments nor has it disposed of, or realised, any capital assets or any interest therein.

4.6 The PRC Subsidiary has not lent any money which has not been repaid to it, or owns the benefit of any debt (whether or not due for repayment), other than debts which have arisen in the ordinary course of its business; and the PRC Subsidiary has not made any loan or quasi-loan contrary to any applicable legislation.

4.7 The PRC Subsidiary has not received notice from any lenders to it, requiring repayment or intimating the enforcement of any security the lender may hold over any of its assets.

4.8 The net tangible asset value of the PRC Subsidiary as at the date of this Agreement calculated in accordance with the accounting standards and regulations of the PRC is not less than the amount shown in the Management Accounts and the Vendor considers that the accounting basis and policies adopted for such calculations are fair, reasonable and appropriate to reflect the net tangible assets of the PRC Subsidiary as at such date.

4.9 The PRC Subsidiary does not have any other obligations or liabilities (whether actual or contingent).

5. **TAXATION**

5.1 All returns, reports or filings which ought to have been made by or in respect of the PRC Subsidiary for taxation purposes have been made or filed (as the case may be) and all such returns are up to date, correct and prepared with due care and skill and on a proper basis and are not the subject of any dispute with the relevant revenue or other appropriate authorities and, to the best knowledge of the Vendor and the Company,

there are no present circumstances likely to give rise to any dispute. The PRC Subsidiary is not delinquent in payment of any taxes due thereunder and there is no tax deficiency that has been asserted against the PRC Subsidiary.

- 5.2 The PRC Subsidiary has duly and punctually paid all Taxation which it has become liable to pay and is under no liability to pay any penalty or interest in connection with any claim for Taxation, and have taken all necessary steps to obtain any repayment of or relief from taxation available to each of them, except for any such tax, assessment, fine or penalty that is being contested in good faith and by appropriate proceedings.
- 5.3 The PRC Subsidiary has sufficient working capital to carry on its businesses in its present form and at present levels of turnover for the foreseeable future (and at least for a period of 12 months after Completion) and for the purposes of carrying out and fulfilling in accordance with their terms all orders, projects and other contractual obligations which have been placed with or undertaken by the PRC Subsidiary.
- 5.4 The PRC Subsidiary has paid or accounted for in the PRC Accounts, as the case may be all taxation (if any) due to be paid or accounted for by it before the PRC Audited Accounts Date (as for the PRC Audited Accounts) and the Management Accounts Date (as for the PRC Management Accounts) and the PRC Subsidiary is or is likely to be subject to any tax penalties so far as the Vendor is aware.
- 5.5 The provisions (if any) included in the PRC Accounts, as the case may be, are sufficient to cover all taxation in respect of all periods ended on or before the PRC Audited Accounts Date (as for the PRC Audited Accounts) and the Management Accounts Date (as for the PRC Management Accounts) for which the PRC Subsidiary was then or might at any time thereafter become or have become liable.
- 5.6 Adequate charges, accruals and reserves have been provided for in the PRC Accounts in respect of all taxes for all periods as to which the tax liability of the PRC Subsidiary has not been finally determined or remains open to examination by applicable taxing authority. The PRC Subsidiary has not received notice of any tax deficiency that has been asserted or assessed against it.
- 5.7 All accounting records, vouchers, invoices, ledgers, contracts and memoranda and all other accounting documents of the PRC Subsidiary and records of all transactions thereof are in the possession of the PRC Subsidiary and have been accurately and properly written up, kept and maintained in accordance with generally accepted accounting practice in the PRC, and together shows a true and fair view of the affairs and financial position of the PRC Subsidiary.
- 5.8 Full provision or reserve has been made in the PRC Accounts for all Taxation assessed or liable to be assessed on the PRC Subsidiary in respect of income, profits or gains earned, accrued or received or deemed to be earned, accrued or received on or before the PRC Audited Accounts Date (as for the PRC Audited Accounts) and the Management Accounts Date (as for the PRC Management Accounts) and adequate provision has been made in the PRC Accounts for deferred Taxation in accordance with generally accepted accounting principals.

- 5.9 The PRC Subsidiary has not been subject to any audit or investigation by any Taxation Authority and there are no circumstances existing which made it likely that an audit or investigation will be commenced.
- 5.10 The PRC Subsidiary has obtained tax registration certificates as required under PRC tax laws. All local and national PRC governmental tax waivers and other local and national PRC tax relief, concession and preferential treatment are valid, binding and enforceable and do not violate any provision of any PRC law.

6. BUSINESS

- 6.1 Since the PRC Audited Accounts Date (save as reflected in the PRC Management Accounts):
- (A) the PRC Subsidiary has carried on its business in the ordinary and usual course and without having entered into any material transaction, assumed any material liability or made any material payment not provided for in the PRC Accounts which is not in the ordinary course of its business or suffered any material adverse interruption or alteration in the nature, scope or manner of its business;
 - (B) the PRC Subsidiary has paid its creditors within the time agreed with such creditors and there are not debts outstanding by the PRC Subsidiary which have been due for more than three months;
 - (C) no unusual trade discounts or other special terms have been incorporated into any contract entered by the PRC Subsidiary inconsistent with the previous practice of the PRC Subsidiary; and
 - (D) there has been no material deterioration in the financial or trading position, prospects, turnover, assets and liabilities or net asset value of the PRC Subsidiary taken as a whole.
- 6.2 There has not been any damage, destruction, or loss, whether covered by insurance or not, materially and adversely affecting the business of the PRC Subsidiary.
- 6.3 There has not been any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and statutory rights to customers in inventory and other assets.
- 6.4 The acquisition of Sale Share and the Shareholder's Loan by the Purchaser and compliance with the terms of this Agreement will not:
- (A) cause the PRC Subsidiary to lose the benefit of any right or privilege it presently enjoys or cause any person who normally does business with the PRC Subsidiary not to continue to do so on the same basis as previously;

- (B) relieve any person of any obligation to the PRC Subsidiary (whether contractual or otherwise) or enable any person to determine any such obligation or any right or benefit enjoyed by the PRC Subsidiary or to exercise any right whether under an agreement with or otherwise in respect of any of them; or
- (C) adversely affect the PRC Subsidiary's relationships with its clients, customers, suppliers or employees.

6.5 Since the Management Accounts Date:

- (A) the PRC Subsidiary have not carried any business;
- (B) there has been no material change in the turnover, or the financial or trading position of the PRC Subsidiary;
- (C) the PRC Subsidiary have not by doing, or omitting to do, anything materially prejudiced its goodwill or prospects;
- (D) no material part of the business or assets of the PRC Subsidiary have been affected by any abnormal factor; and
- (E) the PRC Subsidiary have paid its creditors in accordance with its credit terms; and there are no material amounts owing by the PRC Subsidiary which have been overdue for more than 120 days.

6.6 So far as the Vendor can reasonably foresee, no circumstances exist whereby (whether by reason of an existing agreement or arrangement or otherwise) as a result of the sale and purchase:

- (A) the PRC Subsidiary will lose the benefit of any material right or privilege which it enjoys under any applicable law or regulations; or
- (B) the due and legal subsistence of the PRC Subsidiary will in any event and in any respect be affected, revoked or terminated.

6.7 The PRC Subsidiary is empowered and duly qualified to carry on business at their respective legal address and have not carried on and are not carrying on any business in any other places.

6.8 There are no arrangements or undertakings (whether legally enforceable or not) by the PRC Subsidiary to any person relating to the management of the PRC Subsidiary's business, or the appointment or removal of director(s) or legal representative(s) of the PRC Subsidiary or the ownership or transfer of ownership of the letting of any of the assets of the PRC Subsidiary, or the provision, supply or purchase of finance, goods, services or other facilities to, by or from the PRC Subsidiary, or in any other respect relating to their affairs.

- 6.9 The PRC Subsidiary has conducted and is conducting its business in all material respects in accordance with all Applicable Laws and legislative and administrative orders and regulations, whether of the PRC or elsewhere.
- 6.10 The PRC Subsidiary has obtained all necessary licenses, consents and authorisation from any person, authority or body for the proper carrying on of its business and all the licences, consents and authorisation are valid and subsisting.
- 6.11 The PRC Subsidiary is not in material breach of any of the terms or conditions of any of the licences, consents or authorisation; and so far as Vendor can reasonably foresee there are no material factors that might in any way prejudice the continuation, or renewal, of any of them.
- 6.12 The PRC Subsidiary is not a party to any contract or commitment which:
- (A) is of an unusual or abnormal nature, or outside the ordinary and proper course of business;
 - (B) is of a loss-making nature (that is, known to be likely to result in a loss to it on completion of performance);
 - (C) cannot readily be fulfilled or performed by it on time without undue, or unusual, expenditure of money, effort or personnel;
 - (D) involves payment by it of amounts determined by reference to fluctuations in the index of retail prices, or any other index, or in any currency (other than RMB) not fully matched by an equivalent amount of the reserve or receivable of the PRC Subsidiary in such currency available for the discharge of such payment on or before the due date therefor; or
 - (E) involves an aggregate outstanding expenditure by it of more than the amount disclosed in the PRC Accounts.
- 6.13 No threat or claim of default of material importance, under any agreement, instrument or arrangement to which the PRC Subsidiary is a party has been made and is outstanding against it and, so far as Vendor can reasonably foresees, there is nothing whereby any such agreement, instrument or arrangement may be prematurely terminated or rescinded by any other party.
- 6.14 No party to any agreement with, or under an obligation to, the PRC Subsidiary is in default under it, being a default which would be material in the context of the party's or the PRC Subsidiary's financial or trading position; and so far as each of the Warrantors can reasonably foresee, there are no circumstances likely to give rise to such a default.
- 6.15 The PRC Subsidiary has not produced, sold or supplied services or products which are, or were, or will become, in any material respect not of marketable quality, toxic, harmful, noxious or otherwise faulty or defective or unfit for their purposes, or which do not comply in any material respect with any warranties or representations,

expressly or impliedly made by it, or with any applicable regulations, standards and requirements.

- 6.16 There is not now outstanding in respect of the PRC Subsidiary any guarantee or agreement for indemnity or for suretyship given by it or for its accommodation.

7. RELATED PARTIES TRANSACTIONS

- 7.1 There is not now outstanding, any contract or arrangement to which the PRC Subsidiary is a party and Vendor or the Company or their respective Associates or any then or present director of PRC Subsidiary or any Associate of any such director, is or has been interested, whether directly or indirectly.

- 7.2 The PRC Subsidiary is not a party to, nor have its profits or financial position been affected by, any contract or arrangement which is not of an entirely arm's length nature.

- 7.3 None of the Vendor nor his Associates owe any money to the PRC Subsidiary nor are there currently outstanding any guarantee, indemnity or any security given by the PRC Subsidiary for the account of the Vendor or the Group Companies or any of their respective Associates or in respect of any indebtedness or other obligations of each of the Vendor and the Group Companies or any of their respective Associates.

- 7.4 The PRC Subsidiary does not owe any money to each of the Vendor, the Company, Liaoning High School, SRE or its subsidiaries or any of their respective Associates nor are there currently outstanding any guarantee, indemnity or any security given by each of the Vendor, the Company, Liaoning High School, SRE or its subsidiaries or any of their respective Associates for the account or benefit of the PRC Subsidiary or in respect of any indebtedness or other obligations of the PRC Subsidiary.

8. EMPLOYMENT

- 8.1 The PRC Subsidiary has in relation to its employees complied with all applicable PRC legislation, regulations, directions and orders with regard to employment.

- 8.2 The PRC Subsidiary has made all social insurance contributions (or similar contributions) in respect of or on behalf of all its employees in accordance with requirements of the PRC law. Other than such social insurance contributions, the PRC Subsidiary has not maintain, or contribute to, or has any liability under, any employee benefit plan.

- 8.3 The PRC Subsidiary is not involved in any dispute with, or subject to any claim from, any of its current or former directors, employees, consultants or other contractors, and there are no facts known to the Vendor which might suggest that there may be any dispute or claim or that any of the provisions of this Agreement may lead to any such dispute or claim.

- 8.4 There are no claims pending or threatened, or capable of arising, against the PRC Subsidiary, by an employee or workman or third party, in respect of any accident or injury, which are not fully covered by insurance.
- 8.5 No loan or advance or financial assistance has been made by the PRC Subsidiary to any employee or officer or past or prospective employee or officer, which is outstanding.

9. INTELLECTUAL PROPERTY RIGHTS

- 9.1 The PRC Subsidiary has not registered, nor made application for registration of, or acquired or is in the process of acquiring any trade marks, service marks or any other intellectual property rights.
- 9.2 The business of the PRC Subsidiary (and of any licensee under a licence granted by the PRC Subsidiary, if any) as now carried on, does not, and is not likely to, infringe any intellectual property right (that is to say, patent, patent application, knowhow, trade or service mark, trade or service mark application, trade name, registered design, copyright, logo or other similar intellectual, industrial or commercial right) ("**Intellectual Property Rights**") of any other person (and would not do so if the same were valid).
- 9.3 To the extent that the PRC Subsidiary has been granted any licence for the use of any Intellectual Property Right, all such licences are in full force and effect.
- 9.4 Without prejudice to paragraph 9.2 above, the PRC Subsidiary does not use any processes and is not engaged in any activities which involve the misuse of any knowhow, lists of customers or suppliers, trade secrets, technical processes or other confidential information ("**Confidential Information**") belonging to any third party. There has been no actual or alleged misuse by any person of any of its Confidential Information. The PRC Subsidiary has not disclosed to any person any of its Confidential Information except where such disclosure was properly made in the normal course of the PRC Subsidiary's business and was made subject to an agreement under which the recipient is obliged to maintain the confidentiality of such Confidential Information and is restrained from further disclosing it or using it other than for the purposes for which it was disclosed by the PRC Subsidiary.

10. ASSETS

- 10.1 Save as disclosed in the PRC Accounts, none of the property, assets, undertaking, goodwill or uncalled capital of the PRC Subsidiary is subject to, and the PRC Subsidiary has not agreed to grant in respect of the same, any option or Encumbrance.

11. INSURANCE

- 11.1 The PRC Subsidiary has maintained all necessary insurance policies required under all applicable legislation, regulations, directions and orders of the PRC in relation to employment and foreign invested enterprises and has paid all premiums payable

thereon. All such policies are in full force and effect, and nothing has been done or omitted to be done which could make any such policy void or voidable.

- 11.2 The PRC Subsidiary is insured by insurers of recognised financial institutions in such amounts and covering such risks as are adequate and prudent for the conduct of their respective businesses and the value of their respective properties that is customary for companies carrying on similar businesses or owning assets of a similar nature and the PRC Subsidiary has at all times been and is adequately covered against accident, third party injury, defective products, environmental liabilities, damage and other risks normally covered by insurance by such companies and the PRC Subsidiary is entitled to the full benefits of such insurance.
- 11.3 No material claim under any insurance policies taken out by the PRC Subsidiary is outstanding and there are no circumstances likely to give rise to such a claim.
- 11.4 All premiums due in respect of such insurance policies have been duly paid in full and all conditions for the validity and effectiveness of the said policies have been fully observed and performed.
- 11.5 The PRC Subsidiary has not been refused any insurance coverage sought or applied for, and none of the Warrantors has any reason to believe that any PRC Subsidiary will not be able to renew its existing insurance coverage from similar insurers as may be necessary to continue its business at a cost that would not materially adversely affect the condition, financial or otherwise, or the earnings, business or operations of the PRC Subsidiary.
- 11.6 None of the insurance policies in respect of the assets of the PRC Subsidiary is subject to any special or unusual terms or restrictions or to the payment of any premium in excess of the normal rate.

12. LITIGATION, DISPUTES AND WINDING UP

- 12.1 The PRC Subsidiary is not engaged in any material litigation or arbitration proceedings or governmental proceedings, as plaintiff or defendant; there are no material proceedings pending or threatened, either by or against the PRC Subsidiary.
- 12.2 The PRC Subsidiary has not committed nor is it liable for any criminal, illegal, unlawful or unauthorised act or breach of any obligation whether imposed by or pursuant to the laws of the PRC or Hong Kong, contract or otherwise.
- 12.3 No order has been made, or petition presented, or resolution passed for the winding up of or the taking of any analogous proceedings against the PRC Subsidiary; nor has any distress, execution or other process been levied in respect of the PRC Subsidiary which remains undischarged; nor is there any unfulfilled or unsatisfied judgment or court order outstanding against the PRC Subsidiary.

SCHEDULE 4

Deed of Indemnity

DATED THE

NG CHI MING KEN

in favour of

KONMEN INVESTMENT LIMITED

**DEED OF INDEMNITY
in relation to estate duty
and taxation liabilities regarding
GOLDJOY INVESTMENT LIMITED
(金怡投資有限公司)
and its subsidiary**

THIS DEED OF INDEMNITY is made on the

PARTIES:

- (1) **NG CHI MING KEN**, holder of Hong Kong Identity Card No. E996916(4) and whose address is Flat 2309, 23/F, Block B, Fai Ming House, Chung Ming Court, Tseung Kwan O, Kowloon, Hong Kong (the “**Indemnifier**”); and
- (2) **KONMEN INVESTMENT LIMITED**, a company incorporated in the British Virgin Islands and having its registered office at Pasea Estate, Road Town, Tortola, British Virgin Islands and its correspondence address at Room 2501, 25/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong P.O. Box 71, Craigmuir Chambers (the “**Purchaser**”).

WHEREAS:

- (A) Goldjoy Investment Limited (the “**Company**”) is a company incorporated in the British Virgin Islands. Short particulars of the Company and its subsidiary are set out in Schedule 1.
- (B) By an agreement (the “**Principal Agreement**”) dated 28th October 2009 made between the Indemnifier and the Purchaser, the Purchaser agreed to purchase from the Indemnifier the entire issued share capital of the Company (i.e. one issued share of US\$1.00) and the shareholder’s loan owing by the Company to the Indemnifier.
- (C) It is a completion requirement of the Principal Agreement that the Indemnifier shall enter into this Deed to provide the Purchaser, for itself and as trustee for the Company and its subsidiary, with an indemnity concerning certain estate duty and taxation liabilities.

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

1. INTERPRETATION

- 1.1 Words and expressions defined or used in the Principal Agreement shall (unless the context otherwise requires) have the same meaning in this Deed.
- 1.2 In this Deed, including the Recitals, the following expressions shall have the following meanings except where the context otherwise requires:
 - (a) “**Abolition Date**” means the date on which The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect, being 11 February 2006;

- (b) **“Companies”** mean the Company and the PRC Subsidiary and the term **“member of the Companies”** shall mean any of them;
- (c) references to **Estate Duty Ordinance** and the **“Inland Revenue Ordinance”** are references to the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) and the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) respectively as in force at the date of this Deed but in the event of any repeal or amendment of such provisions such reference shall be read as including any provisions to the like effect respectively replacing or amending the same, and **“Estate Duty”** means duty payable under the Estate Duty Ordinance and includes any interest, penalty or other liability arising in connection with the imposition or non-payment or delay in payment of such duty;
- (d) **“PRC Subsidiary”** means 沈陽綠怡置業有限公司, a wholly foreign owned enterprise established in the PRC, short particulars of which are set out in Part B of Schedule 1;
- (e) a **“relevant transfer”** in relation to any person means a transfer made by that person of any property other than an interest limited to cease on his or her death or property which he or she transferred in a fiduciary capacity being a transfer made on or before the date of this Deed and means a transaction of the kind described by the words **“a transfer of any property other than an interest limited to cease on his death or property which he transferred in a fiduciary capacity”** in section 35 of the Estate Duty Ordinance interpreted in accordance with the provisions contained in section 3 of the Estate Duty Ordinance;
- (f) **“Relief”** includes any relief, allowance, concession, set off or deduction in computing profits, income, expenditure or other assessable sum, event or circumstance against which a Taxation is assessed, and any credit granted by or pursuant to any legislation or otherwise relating to all forms of Taxation;
- (g) **“Principal Agreement”** means the agreement referred to in Recital (B);
- (h) **“Taxation”** means:
- (1) any liability to any form of taxation, duty, rate, levy and any other imposition (including those of a provisional nature or any deferred tax liability) whenever created or imposed or arising and whether of Hong Kong, the PRC, the British Virgin Islands or of any other part of the world and without prejudice to the generality of the foregoing includes (without limitation) all forms of profits tax, provisional profits tax, business tax on gross income, income tax, value added tax, interest tax, salaries tax, property tax, land appreciation tax, lease registration tax, estate duty, capital gains tax, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, import, customs, import and excise duties and generally

any tax, duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of local, municipal, provincial, national, state or federal level whether of Hong Kong, the PRC, the British Virgin Islands or of any other part of the world, and any interest, penalty or other liability arising in connection with the imposition or non-payment or delay in payment of such forms of taxation and generally any tax, duty, impost, levy or rates or any amount payable to the fiscal, revenue or customs authorities whether of Hong Kong, the PRC, the British Virgin Islands or any other part of the world;

(2) such amount or amounts as is or are referred to in Clause 1.2(k) and Clause 1.3; and

(3) all costs, interest, fines, penalties, charges, liabilities and expenses incidental or relating to the liability to taxation or the loss, reduction, modification, cancellation or deprivation of Relief or of a right to repayment of Taxation which is the subject of the indemnity contained in Clause 3 to the extent that the same is/are payable or suffered by the Purchaser, the Companies or any of them;

(i) **“Taxation Claim”** includes (without limitation) any claim, counterclaim, assessment, notice, demand or other documents made or issued or action taken by or on behalf of any person, the Inland Revenue Department of Hong Kong, or the tax bureau of the PRC or any other revenue, customs, fiscal, statutory or governmental authority whatsoever in Hong Kong, the PRC, the British Virgin Islands or any other part of the world from which it appears that the Purchaser, the Companies or any of them are liable or are sought to be made liable for any payment of any form of Taxation or to be deprived of any Relief or right to repayment of any form of Taxation which Relief or right to repayment would but for the Taxation Claim have been available to the Purchaser, the Companies or any of them.

1.3 In the event of any loss, reduction, modification, cancellation or deprivation of any Relief or of a right to repayment of any form of Taxation, there shall be treated as an amount of Taxation for which a liability has arisen the amount of such Relief or repayment or (if smaller) the amount by which the liability to any such Taxation of the Purchaser, the Companies or any of them would have been reduced by such Relief if there had been no such deprivation as aforesaid, applying the relevant rates of Taxation in force in the period or periods in respect of which such Relief would have applied or (where the rate has at the relevant time not been fixed) the last known rate and assuming that the Purchaser, the Companies or any of them (as the case may be) had sufficient profits, turnover or other assessable income or expenditure against which such Relief might be set off or given.

1.4 In this Deed:

- (a) unless the context otherwise requires, words denoting the singular number include the plural thereof, words importing one gender include both genders and the neuter and references to persons include firms, companies and corporations, in each case vice versa;
- (b) references to Clauses and the Schedule are to the clauses of and the schedule to this Deed; and
- (c) headings are for ease of reference only and do not form part of this Deed.

2. CONDITIONS PRECEDENT

- 2.1 The provisions contained in this Deed are conditionally upon the conditions set out in Clause 4.1 of the Principal Agreement being fulfilled or waived by the Purchaser.

3. ESTATE DUTY INDEMNITY

- 3.1 The Indemnifier hereby agrees with the Purchaser, for itself and as trustee for each of the Companies that he will indemnify and at all times keep them and each of them indemnified on demand on a full indemnity basis against any depletion in or reduction in value of their respective assets or increase in the respective liabilities, or loss, modification, cancellation, reduction or deprivation of any Relief, at any of the Purchaser or the Companies as a consequence (whether direct or indirect) of, and in respect of any amount which the Purchaser, the Companies or any of them may hereafter become liable to pay, being:

- (a) any duty which is or hereafter becomes payable by the Purchaser, the Companies or any of them by virtue of section 35 of the Estate Duty Ordinance under the provisions of section 43 of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of the Purchaser, the Companies or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to the Purchaser, the Companies or any of them at any time on or prior to the Abolition Date; and/or
- (b) any amount recovered (now or hereafter) against the Purchaser, the Companies or any of them under the provisions of section 43(7) of the Estate Duty Ordinance in respect of any duty payable under section 43(1) of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of the Purchaser, the Companies or any of such assets being deemed for the purpose of Estate Duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to the Purchaser, the Companies or any of them at any time on or prior to the Abolition Date; and/or

- (c) any amount of duty which the Purchaser, the Companies or any of them is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance in respect of the death of any person in any case where the assets of another company or any of them are deemed for the purpose of Estate Duty to be included in the property passing on that person's death by reason of that person making or having made a relevant transfer to that other company and by reason of the Purchaser, the Companies or any of them having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance, in each case at any time on or prior to the Abolition Date, but only to the extent to which the Purchaser, the Companies or any of them are/is unable to recover an amount or amounts in respect of that duty from any other person under the provisions of section 43(7)(a) of the Estate Duty Ordinance.

4. TAXATION INDEMNITY

4.1 Without prejudice to any of the foregoing provisions of this Deed and subject as hereinafter provided, the Indemnifier hereby agrees with the Purchaser, for itself and as trustee for each of the Companies that he will indemnify and at all times keep them and each of them fully and effectively indemnified on demand on a full indemnity basis against:

- (a) the amount of any and all Taxation falling on any of the Companies resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be or alleged to have been so earned, accrued or received) on or before the Completion Date or any event or transaction on or before the Completion Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such Taxation is chargeable against or attributable to any other person, firm or company including any and all Taxation resulting from the receipt by any of the Companies of any amounts payable hereunder; and
- (b) all actions, claims, losses, damages, costs (including all legal costs), expenses or other liabilities which any of the Purchaser, the Companies may make, suffer or incur in respect of or arising directly or indirectly from or on the basis of or in connection with any Taxation which is covered by the indemnities given under Clause 4.1(a), including without limitation to the generality of the foregoing:
 - (i) the investigation, the assessment or the contesting of any Taxation Claim, or
 - (ii) the settlement of any claim under this Deed;
 - (iii) any legal proceedings in which any of the Companies claims under or in respect of this Deed and in which judgment, award or decision is given for any of the Companies; or

- (iv) the enforcement of any such settlement or judgment referred to in Sub-Clause 4.1(b)(ii) or 4.1(b) (iii) above.

4.2 The indemnity contained in Clause 4.1 above shall not apply:

- (a) to the extent that provision has been made for such Taxation in the Management Accounts or the PRC Accounts; or
- (b) to Taxation falling on any of the Companies in respect of any accounting period commencing on or after the Completion Date unless liability for such Taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, the Companies or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifier other than any such act, omission or transaction:
 - (1) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Completion Date; or
 - (2) carried out, made or entered into pursuant to a legally binding commitment created on or before the Completion Date; or
 - (3) consisting of any of the Companies ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of Taxation; or
- (c) to the extent that any Taxation Claim arises or is incurred as a result of or owing to any matter specifically disclosed to the Purchaser in writing prior to the signing of the Principal Agreement.

4.3 The indemnity given by Clause 4 does not cover any Taxation Claim to the extent that such Taxation Claim arises or is incurred as a result of the imposition of Taxation as a consequence of any retrospective change in the law or practice coming into force after the Completion Date or to the extent that such Taxation Claim arises or is increased by an increase in rates of Taxation after such date with retrospective effect.

5. NO DOUBLE CLAIMS

5.1 No claim under this Deed shall be made:

- (a) by more than one of the Companies or by the Purchaser in respect of the same Taxation; or
- (b) if a claim in respect thereof has been made under the Principal

6. TAXATION CLAIM

- 6.1 In the event of any Taxation Claim arising, the Purchaser shall give or procure that notice thereof is as soon as reasonably practicable given to the Indemnifier in the manner provided in Clause 12; and, as regards any such Taxation Claim, the Purchaser shall procure, so far as reasonably practicable, that the Companies or any of them shall at the request of the Indemnifier take such action, or procure that such action be taken, as the Indemnifier may reasonably request to cause the Taxation Claim to be withdrawn, or to dispute, resist, appeal against, compromise or defend the Taxation Claim and any determination in respect thereof but subject to the Companies or any of them being indemnified and secured to its or their reasonable satisfaction by the Indemnifier against all losses (including additional Taxation), costs, damages and expenses which may be thereby incurred.
- 6.2 Without the prior written approval of the Purchaser, the Indemnifier shall make no settlement of any Taxation Claim nor agree on any matter in the course of disputing any Taxation Claim likely to affect the amount thereof or the future taxation liability of any of the Companies.

7. PAYMENTS

- 7.1 If after the Indemnifier has made any payment pursuant to Clause 4 hereof, any of the Companies shall receive a refund of all or part of the relevant Taxation (whether pursuant to section 79 of the Inland Revenue Ordinance of Hong Kong or similar or equivalent legislation elsewhere or otherwise) such Company (if it shall receive such refund) shall repay or (if another of the Companies shall receive such refund) procure the repayment by such other Company, as the case may be, to the Indemnifier) a sum corresponding to the amount of such refund less:
- (a) any expenses, costs and charges properly incurred by the Companies or any of them in recovering such refund; and
 - (b) the amount of any additional Taxation which shall not have been taken into account in calculating any other payment made or to be made pursuant to this Clause but which is suffered by any of the Companies in consequence of such refund.
- 7.2 Any payments due by the Indemnifier pursuant to the provisions of this Deed shall be increased to include such interest on unpaid Taxation as the Purchaser, the Companies or any of them shall have been required to pay pursuant to section 71(5) or section 71(5A) of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) or similar or equivalent legislation elsewhere or otherwise.
- 7.3 All payments made by the Indemnifier under this Deed shall be made gross, free of any rights of counterclaim or set-off and without any deductions or withholdings of any nature. In the event that any deductions or withholdings

are required by law, or that any payments made by or due from the Indemnifier under this Deed are liable for Taxation or other claims (in the hands of or against the Purchaser, the Companies or any of them or otherwise), then the Indemnifier shall be liable to pay to the Purchaser or the relevant member(s) of the Companies to whom the payments are made or due such further sums as will ensure that the aggregate of the sums paid or payable shall, after making all deductions and withholdings from, or deducting liabilities to Taxation in respect of, such sums, leave the Purchaser or the relevant member(s) of the Companies with the same amount as it/they would have been entitled to receive in the absence of any such deductions, withholdings or liabilities to Taxation. In the event that any Taxation or any claim subject to the indemnities hereunder is or has been discharged by the Purchaser or the relevant member(s) of the Companies, the indemnities given hereunder shall take effect as covenants by the Indemnifiers forthwith to reimburse the Purchaser or the relevant member(s) of the Companies in respect of any Taxation or claims so discharged.

7.4 For the avoidance of doubt, the Indemnifier shall remain liable in accordance with the terms of this Deed notwithstanding that any Taxation giving rise to a liability to make a payment under Clause 3 and/or Clause 4 is or has been discharged or suffered by the Purchaser, the Companies or any of them, whether before or after the Completion Date.

7.5 Any payment which is not made by the due date shall bear interest on such amount calculated on a basis at 5 percent per annum above the Hong Kong dollars prime rate from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited (or in the absence of such a prime rate at such commercial rate of interest as the Purchaser shall reasonably select) from the date on which payment should have been made in accordance with this Clause until the date of actual payment.

8. BINDING EFFECT

8.1 The indemnities, agreements and undertakings herein contained shall bind the personal representatives and successors of the Indemnifier and shall enure for the benefit of each party's successors and assigns.

9. FURTHER UNDERTAKING

9.1 The Indemnifier undertakes with each of the Purchaser and the Companies that he will on demand do all such reasonable acts and things and execute all such deeds and documents as may be necessary to carry into effect or to give legal effect to the provisions of this Deed and the indemnities hereby contemplated.

10. ASSIGNMENT

10.1 The whole or any part of the benefit of this Deed may be assigned by the Purchaser, the Companies or any of them but not by any other party hereto.

11. SEVERABILITY

- 11.1 Any provision of this Deed prohibited by or which is unlawful or unenforceable under any applicable law actually applied by any court of competent jurisdiction shall, to the extent required by such law, be severed from this Deed and rendered ineffective so far as is possible without modifying the remaining provisions of this Deed. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by such law to the end that this Deed shall be valid, binding and enforceable in accordance with its terms.

12. NOTICES

- 12.1 Any notice required to be given under this Deed shall be in writing and shall be delivered personally or sent by telex or by registered or recorded delivery post, postage prepaid to the respective party at the address set out herein or such other address as may have been last notified in writing by or on behalf of such party to the other parties hereto with specific reference to this Deed. Any such notice shall be deemed to be served at the time when the same is handed to or left at the address of the party to be served and if served by post or telex at the time it would have been received in the normal course of post or telex.

13. COUNTERPARTS

This Deed may be executed in any number of counterparts and by different parties on separate counterparts and shall take effect as soon as all parties have each executed a counterpart and delivered the same to the other parties, all of which shall constitute one and the same deed.

14. NO WAIVER

- 14.1 No delay or omission by any of the Companies in exercising any right, power or privilege hereunder shall impair such right, power or privilege or be construed as a waiver thereof and any single or partial exercise of any such right, power or privilege shall not preclude the further exercise of any right, power or privilege. The rights and remedies of the Companies or any of them provided in this Deed are cumulative and not exclusive of any rights and remedies provided by law.

15. GOVERNING LAW AND JURISDICTION

- 15.1 This Deed is governed by and shall be construed in accordance with the laws of Hong Kong and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in relation to any proceedings arising out of or in connection with this Deed.

IN WITNESS whereof this Deed of Indemnity has been duly executed the day and year

first above written.

SCHEDULE 1

Part A

Particulars of the Company

Company name:	Goldjoy Investment Limited (金怡投資有限公司)
Place of incorporation:	British Virgin Islands
Company no.:	1401915
Date of incorporation:	24 April 2007
Registered office:	Morgan & Morgan Building, Pasea Estate, Road Town, Tortola, British Virgin Islands
Issued capital:	US\$1 divided into 1 share of par value of US\$1.00 each
Sole shareholder(s):	Ng Chi Ming, Ken 1 share (100%)
Sole director(s):	Ng Chi Ming, Ken

Part B

Particulars of the PRC Subsidiary

Company name:	沈陽綠怡置業有限公司		
Place of establishment:	People's Republic of China		
Date of establishment:	13 July 2007		
Enterprise legal person business licence no.:	210100400003979		
Legal address:	沈陽市東陵區李相鎮得勝村		
Total investment:	US\$ 5,000,000		
Registered capital:	US\$ 5,000,000		
Paid-up capital:	US\$ 5,000,000		
Equity interest holder (equity interest in %):	Goldjoy Investment Limited	100%	
Legal representative:	Wang Jian (王健)		
Financial year end:	31 December		
Principal activities:	房產開發、自有產權房屋租賃、物業管理。(持資質證經營)		

THE INDEMNIFIER

SIGNED, SEALED and DELIVERED by)
NG CHI MING KEN)
in the presence of:)

THE PURCHASER

SEALED with the Common Seal of)
KONMEN INVESTMENT LIMITED)
and signed by)
))
in the presence of:)

SCHEDULE 5

Form of the Assignment of Loan

DATED THE

NG CHI MING KEN
(as Assignor)

and

KONMEN INVESTMENT LIMITED
(as Assignee)

and

GOLDJOY INVESTMENT LIMITED
(金怡投資有限公司)
(as Borrower)

DEED OF ASSIGNMENT

THIS DEED OF ASSIGNMENT is made as of

BETWEEN:

- (1) **NG CHI MING KEN**, holder of Hong Kong Identity Card No. E996916(4) and whose address being Flat 2309, 23/F, Block B, Fai Ming House, Chung Ming Court, Tseung Kwan O, Kowloon, Hong Kong (the “**Assignor**”);
- (2) **KONMEN INVESTMENT LIMITED**, a company incorporated in the British Virgin Islands and having its registered office at Pasea Estate, Road Town, Tortola, British Virgin Islands and its correspondence address at Room 2501, 25/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong (the “**Assignee**”); and
- (3) **GOLDJOY INVESTMENT LIMITED**(金怡投資有限公司), a company incorporated in the British Virgin Islands and having its registered office at Morgan & Morgan Building, Pasea Estate, Road Town, Tortola, British Virgin Islands (the “**Borrower**”).

WHEREAS:

- (A) The Assignee has entered into a sale and purchase agreement (the “**Principal Agreement**”) with the Assignor dated 28 October 2009 for the purchase by the Assignee of, inter alia, the entire issued share capital of the Borrower (i.e. one issued share of US\$1.00) and the benefit of the Shareholder’s Loan (as defined below) owing by the Borrower to the Assignor on the date of completion of the Principal Agreement.
- (B) It is a completion requirement of the Principal Agreement that the Assignor shall enter into this Deed to assign the Shareholder’s Loan to the Assignee subject to and upon the terms and conditions of this Deed.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. INTERPRETATION

- 1.1 Words and expressions defined or used in the Principal Agreement shall (unless the context otherwise requires) have the same meaning in this Deed.
- 1.2 In this Deed (including the Recitals and the Schedule hereto), the following words and expressions shall, unless the context otherwise requires, bear the respective meaning attributed to each of them below:

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China.
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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
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“Shareholder’s Loan”

a sum of HK\$38,961,230.61, being the amount owing by the Borrower to the Assignor on the date of this Deed, which is non-interest bearing and has no designated term of repayment.

“this Deed”

this Deed of Assignment, as amended from time to time.

2. ASSIGNMENT OF THE SHAREHOLDER’S LOAN

- 2.1 In consideration of the Purchase Price for the Shareholder’s Loan paid by the Assignee to the Assignor pursuant to the Principal Agreement (the Assignor hereby expressly acknowledges receipt thereof), the Assignor hereby assigns as the sole legal and beneficial owner to the Assignee all its title, rights, interests and benefits to, of and in the Shareholder’s Loan together with all rights attached, accrued or accruing thereto as at the date hereof, free from all Encumbrances and **TO HOLD** the same unto the Assignee solely and absolutely.

3. ACKNOWLEDGMENT BY THE BORROWER AND THE ASSIGNOR

- 3.1 The Borrower hereby acknowledges receipt of the notice of assignment of the Shareholder’s Loan in the manner provided in this Deed.
- 3.2 The Borrower further acknowledges and confirms to the Assignor and the Assignee that:
- (a) as from the date hereof, the Shareholder’s Loan is due and owing to the Assignor;
 - (b) it has not, as at the date hereof, received any notice that any charges, rights, interests or other Encumbrances have been created or agreed to be created or are subsisting over the Shareholder’s Loan or any part thereof or any party has or will have any right or interest whatsoever in or over the Shareholder’s Loan or any part thereof;
 - (c) it will pay to the Assignee or as it may direct all sums in respect of the Shareholder’s Loan at any time upon receipt of any instructions or notices from the Assignee; and
 - (d) it does not have and will not exercise any claims, demands, right of set-off, counterclaim or any other equities against the Assignee, or the Assignor in respect of the Shareholder’s Loan or any part thereof.
- 3.3 The Assignor hereby represents and warrants to the Assignee that:
- (a) immediately prior to the execution of this Deed and the assignment hereunder becoming effective, the Borrower is indebted to the Assignor in the full amount of the Shareholder’s Loan, and the Shareholder’s Loan is valid, subsisting, free from Encumbrances and fully enforceable against the Borrower;
 - (b) the Assignor has not assigned or charged or otherwise encumbered its right,

interest, benefit or title to the Shareholder's Loan in favour of any third party, and the Shareholder's Loan is free from all Encumbrances;

- (c) the Shareholder's Loan represents the entire amount owing to the Assignor by the Borrower at the date hereof and that, apart from the Shareholder's Loan, there is no other sums owing by the Borrower to the Assignor or its Associates; and
- (d) the Assignor has the power to assign the benefit, interest and title of the Shareholder's Loan free from all Encumbrances to the Assignee in the manner provided for in this Deed and that nothing has been or shall be done or suffered whereby the Assignee may be prevented from receiving the monies payable thereunder or any part thereof; and
- (e) upon execution of this Deed, the Assignor nor any of its Associates will have any claim or other rights whatsoever in respect of the Shareholder's Loan or any part thereof against the Borrower.

4. FURTHER ASSURANCE

- 4.1 The Assignor shall execute and do all such assurances, acts, deed and things as the Assignee may require and procure other relevant parties so to do for protecting or perfecting the assignment of the Shareholder's Loan as herein provided and perfecting, preserving or protecting all or any of the rights, powers or remedies conferred hereby.

5. ASSIGNS

- 5.1 This Deed shall enure to the benefit of and be binding on each party and its respective successors and permitted assigns but no assignment may be made by the Borrower of any of its rights and obligations in relation to the Shareholder's Loan without the prior written consent of the Assignee.

6. GOVERNING LAW, JURISDICTION AND PROCESS AGENT

- 6.1 This Deed shall in all respects be governed by and construed in accordance with the laws of Hong Kong.
- 6.2 The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

IN WITNESS whereof the parties hereto executed this Deed as of the day and year first above written.

THE ASSIGNOR

SIGNED SEALED and DELIVERED by)
NG CHI MING KEN)
in the presence of:)

THE ASSIGNEE

SEALED with the **COMMON SEAL** of)
KONMEN INVESTMENT LIMITED)
and **SIGNED** by)
in the presence of:)

THE BORROWER

SEALED with the **COMMON SEAL** of)
GOLDJOY INVESTMENT LIMITED)
and **SIGNED** by)
in the presence of:)

SCHEDULE 6

PROMISSORY NOTE

IN CONSIDERATION OF the agreement of NG CHI MING KEN (“**Mr Ng**”) holder of Hong Kong Identity Card No.E996916(4) of Flat 2309, 23rd Floor, Block B, Fai Ming House, Chung Ming Court, Tseung Kwan O, Kowloon, Hong Kong to sell (i) the one issued share (“**Sale Share**”) of US\$1.00 each in Goldjoy Investment Limited (“**Goldjoy**”); and (ii) a shareholder’s loan (“**Shareholder’s Loan**”) of HK\$38,961,230.61 to Goldjoy to Konmen Investment Limited (“**Konmen**”) a wholly owned subsidiary of our company pursuant to a sale and purchase agreement (“**Sale and Purchase Agreement**”) entered into between Mr Ng and Konmen, we, SRE Group Limited of Room 2501, 25th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, HEREBY IRREVOCABLY AND UNCONDITIONALLY PROMISE to pay to Mr Ng on or before 28 October 2011, a sum of HK\$500,000,000 (being the balance of the total purchase price for the Sale Share and Shareholder’s Loan (“**Balance Payment**”) payable by Konmen to Mr Ng under the Sale and Purchase Agreement.

Notwithstanding any provisions in this Promissory Note, this Promissory Note is not transferable.

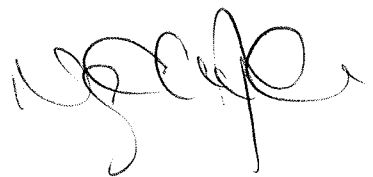
IN WITNESS whereof we have hereunto caused our common seal to be hereunto affixed this day of

SEALED with Common Seal of)
SRE GROUP LIMITED)
and SIGNED by)
)
in the presence of:)

THE VENDOR

SIGNED by
NG CHI MING KEN

)
)
)



THE PURCHASER

SIGNED by Shi Jian, Chairman

)
)
)
)
)

for and on behalf of

KONMEN INVESTMENT LIMITED

in the presence of:

Joey Wong

