

Dated 13<sup>th</sup> day of September, 2009

**LI WEI MIN**

and

**TOP VICTORY INDUSTRIES LIMITED**

and

**SINO-TECH INTERNATIONAL HOLDINGS LIMITED**

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**AGREEMENT**

for the sale and purchase of the entire issued share capital of  
**CITIC LOGISTICS (INTERNATIONAL) COMPANY LIMITED**

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P.C. WOO & CO.  
12/F., Prince's Building  
10 Chater Road, Central  
Hong Kong

HL/WKF/TYP/CN

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THIS AGREEMENT is made the 13<sup>th</sup> day of September, 2009

**BETWEEN:**

- (1) **Li Wei Min**, holder of PRC Identity Card No. 411002196807151211 of Unit 2012, 20/F., Tower 2 Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong (the “**Vendor**”);
- (2) **Top Victory Industries Limited**, a private company incorporated in the British Virgin Islands with limited liability and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the “**Purchaser**”); and
- (3) **Sino-Tech International Holdings Limited**, a company incorporated in Bermuda with limited liability and whose principal place of business in Hong Kong is at 26/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, Hong Kong (“**Sino-Tech**”).

**RECITALS:**

- (1) CITIC Logistics (International) Company Limited (the “**Company**”) is a company incorporated in Hong Kong with limited liability which has an authorised capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each of which 10,000 Shares (as hereinafter defined) have been issued, are fully paid or credited as fully paid. Details of the Company are set out in Schedule 1.
- (2) The Purchaser is a wholly owned subsidiary of Sino-Tech, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.
- (3) The Vendor agrees to sell and the Purchaser agrees to purchase the Sale Shares (as hereinafter defined) on the terms and subject to the conditions of this Agreement.
- (4) Sino-Tech agrees to enter into this Agreement to provide representations and warranties as set out in Clause 9 of this Agreement on the terms and subject to the conditions of this Agreement.

IT IS AGREED as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 **Definitions.** In this Agreement, unless specifically provided otherwise or the context requires otherwise the following expressions have the following meanings:

**“Accounts”** means the Audited Accounts and the Management Accounts;

**“Audited Accounts Date”** means 31 December 2008;

**“Agreement”** means this Agreement (including its Schedules and Appendices) as may be supplemented or amended from time to time;

**“Amount Due From/To Vendor”** means any sum due and owing by the Company to the Vendor and any sum due and owing by the Vendor to the Company;

**“Assets”** means all assets, property and rights (including the benefit of any debt, mortgage or charge), which the Company owns;

**“Audited Accounts”** means the audited accounts of the Company comprising the audited balance sheet of the Company as at 31 December 2008 and the audited profit and loss account of the Company for the year ended 31 December 2008, in each case including the notes thereto and together with the draft reports and other documents annexed to them, copies of which are initialled by the Vendor and the Purchaser and attached hereto as Appendix A for the purpose of identification;

**“Auditors”** means the auditors of the Company from time to time;

**“Bank Loans”** means loans or advances by, and/or indebtedness due and owing to, banks or authorised financial institutions or such other similar institutions whether in Hong Kong or other parts of the world;

**“Business”** means the businesses, operations and undertakings of the Company as now and to be carried on or before Completion including, inter alia, the provision of logistic services as more particularly described in the Audited Accounts;

**“Business Day”** means a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.);

**“Cash”** means cash in hand or at banks or in any other authorized financial institutions;

**“Companies Ordinance”** means the Companies Ordinance (Cap 32 of the laws of Hong Kong);

**“Completion”** means actual completion of the sale and purchase of the Sale Shares in accordance with Clause 10;

**“Completion Date”** means a date falling within five Business Day after the fulfilment of the Conditions Precedent and the date on which Completion takes place;

**“Conditions Precedent”** means those conditions precedent as set out in Clause 3.1 below;

**“Consent”** includes any licence, consent, approval, authorization, permission, waiver, order, exemption, qualification, registration, certificate, authority or other approval;

**“Consideration”** means the consideration payable by the Purchaser to the Vendor or any other person as may be directed by the Vendor for the sale and purchase of the Sale Shares as specified or determined in accordance with Clause 4, subject to adjustment in accordance with Clause 4B;

**“Consideration Shares”** means 1,620,000,000 ST Shares to be issued by Sino-Tech at the issue price of HK\$0.12 to the Vendor at Completion;

**“Convertible Notes”** means the convertible notes to be issued by the Sino-Tech to the Vendor which entitle the holders thereof to convert the outstanding principal amount due thereunder into Conversion Shares at the conversion price of HK\$0.12 (subject to adjustment), the certificate and the conditions in respect of the Convertible Notes are substantially in the form set out in Schedule 3;

**“Conversion Shares”** means a maximum of 11,670,000,000 ST Share to be allotted and issued upon exercising of the conversion right attaching to the Convertible Notes;

**“Directors”** means the directors from time to time of the relevant company referred to;

**“Due Diligence Review”** means the due diligence review as defined in Clause 5 of this Agreement;

**“Earnest Money”** means a sum of HK\$5,000,000 payable by the Purchaser to the Vendor in accordance with Clause 4A of this Agreement;

**“Employees”** means the employees or officers employed by the Company whether in Hong Kong or elsewhere as at the date of this Agreement;

**“Encumbrance”** means any mortgage, charge (whether fixed or floating), debenture, pledge, lien, option, right of pre-emption, right of retention of title, equity, third party right or any other form of security interest or any obligation (including any conditional obligation) to create any of the same;

**“Escrow Agent”** means P.C. Woo & Co., the escrow agent with which the Earnest Money

are to be placed pursuant to the terms of this Agreement;

**“Escrow Letter”** means the letter to be signed by the Vendor, the Purchaser and the Escrow Agent governing the terms and conditions of the escrow arrangement relating to the Earnest Money referred to in Clause 4A of this Agreement, a copy of which is attached to as Schedule 6;

**“HK\$”** means Hong Kong dollars;

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China;

**“Indemnity Deed”** means a deed of indemnity to be executed by the Vendor in favour of the Purchaser and the Company, in the form and substance as set out in **Schedule 5** (or in such other form as may be agreed by all the parties thereto);

**“Intellectual Property Rights”** means all intellectual property rights used by the Company and all intellectual property rights granted to and/or enjoyed by the Company, both as at the date of this Agreement and any similar rights situated in any country and all other similar proprietary rights which may subsist in any part of the world including, where such rights are obtained or enhanced by registration, any registration of such rights and application and rights to apply for such registration; and the benefit (subject to the burden) of any and all Consents in connection with any of the foregoing (including all documents relating thereto);

**“Liabilities”** means any and all liabilities (contingent or otherwise), indebtedness and obligations whether arising at law or in equity or under any warranty, condition, guarantee, indemnity, insurance policy, lease, letter of credit, transaction, commitment, contract (in each case, whether express or implied) or in any other way whatsoever including any and all business liabilities, Taxation liabilities, provisions for Taxation, bad and doubtful debts and indebtedness (including interest, costs and fees), accounts payable, dividends or other distributions payable, depreciation, financial facilities or rights of security or third party rights and all other liabilities howsoever arising;

**“Litigations”** means all the pending claims, demands, actions, proceedings, defence, counterclaim affecting or involving the Company;

**“Long Stop Date”** means 31 January 2010 or such other date as may be agreed between the Vendor and the Purchaser in writing;

**“Management Accounts”** means the management account of the Company for the period ended 31 July 2009;

**“Management Accounts Date”** means 31 July 2009;

**“Material Adverse Change or Effect”** means any change, event, occurrence, state of facts or effect, the consequence of which is to, or could reasonably be expected to materially and adversely affect the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of the Company or the Purchaser or Sino-Tech (as the case may be) and **“Material Adverse Change”** or **“Material Adverse Effect”** shall be construed accordingly provided that the matters disclosed in Schedule 7 to this Agreement shall not be construed as a matter or event leading to a Material Adverse Change or Effect;

**“PRC”** means the People’s Republic of China;

**“Purchaser’s Solicitors”** means P.C. Woo & Co. of 12<sup>th</sup> Floor, Prince’s Building, 10 Charter Road, Central, Hong Kong;

**“Sale Shares”** means 10,000 Shares to be sold by the Vendor to the Purchaser pursuant to this Agreement representing the entire issued share capital of the Company;

**“ST Shares”** means the share of HK\$0.01 each in the issued share capital of Sino-Tech to be allotted and issued upon Completion and/or upon exercising of the conversion right attaching to the Convertible Notes;

**“ST Warranty”** means the representation and warranty set out in Clause 9 given by the Sino-Tech to the Vendor;

**“Stock Exchange”** means The Stock Exchange of Hong Kong Limited;

**“Shares”** means existing ordinary shares of HK\$1.00 each in the capital of the Company and a **“Share”** shall be construed accordingly;

**“Tax”** means:

- (a) any form of tax whenever created or imposed and whether of Hong Kong or the PRC or elsewhere, payable to or imposed by any taxation authority and includes profits tax, provisional profits tax, interest tax, salaries tax, property tax, taxes on income, corporation tax, advance corporation tax, national insurance and social security contributions, capital gains tax, inheritance tax, capital transfer tax, developmental land tax, customs, excise and import duties, goods and services tax, ad valorem tax, estate duty, capital duty, stamp duty, payroll tax and other similar liabilities or contributions and any other taxes, levies, duties, charges, imposts, mandatory pension fund contributions or withholdings similar to, corresponding with, or replacing or replaced by any of the foregoing; and

- (b) all charges, interest, penalties and fines, incidental or relating to any taxation falling within (a) above,

and “**Taxation**” shall have the corresponding meaning;

“**Taxation Authority**” means the Inland Revenue Department of Hong Kong and/or any other revenue, customs, fiscal governmental, statutory, central, regional, state, provincial, local governmental or municipal authority, body or person, whether of Hong Kong or elsewhere;

“**Taxation Claim**” includes any assessment, claim, notice, demand, letter, direction, counterclaim or other document issued or action taken by or on behalf of any fiscal, revenue or other authority or official anywhere in the world whereby the Company is liable or is sought to be made liable to make any payment of increased or further payment of Taxation or is denied or sought to be denied any Taxation Relief;

“**Taxation Event**” includes any event, act, transaction, omission or occurrence of any nature (whether or not any of the Company is a party thereto) including the completion, receipt or accrual of any income or any distribution, failure to distribute, acquisition, disposal, transfer, payment, loan or advance including the failure to make sufficient dividend payments to avoid and apportionment or deemed distribution of income; and reference to any Taxation Event on or before a date shall be deemed to include any combination of two or more Taxation Events the first of which shall have taken place on or before the date;

“**Taxation Relief**” means any loss, relief, allowance, exemption, set-off, deduction, right to repayment or credit or other relief of similar nature granted by, claimed or available in relation to Taxation pursuant to any law or otherwise;

“**Tenancies and Licences**” means the tenancies and licences of the properties occupied or leased by the Company; and

“**Warranties**” means the representations, warranties and undertakings set out in Clause 6 and **Schedule 2** given by the Vendor to the Purchaser and “**Warranty**” shall be construed accordingly.

**1.2 Interpretation.** In this Agreement unless specifically provided otherwise or the context otherwise requires the following shall apply:

- (a) **Companies Ordinance.** Words and expressions defined in the Companies Ordinance shall have the same respective meanings;



- (b) **Associates.** A body corporate shall be deemed to be associated with another body corporate if it is a holding company or a subsidiary of that other body corporate or a subsidiary of a holding company of that body corporate;
- (c) **Statutory Provisions.** References to statutory provisions shall be deemed to be references to those provisions as amended or re-enacted or as their applications are modified by other provisions from time to time (whether before or after the date hereof) and shall include any provisions of which they are re-enactments (whether with or without modification);
- (d) **Law.** References to “law” shall be construed so as to include the Basic Law of Hong Kong; any common and customary law; and any constitution, decree, judgment, legislation, code, order, ordinance, regulation, rule, statute, treaty or other legislative measure applicable from time to time, and “lawful” shall be construed accordingly.
- (e) **Clauses.** References herein to "Clauses" and "Schedules" and “Appendices” are to clauses of and schedules and appendices to this Agreement and the Schedules and Appendices to this Agreement form an integral part of this Agreement;
- (f) **Headings.** Clause headings are inserted for convenience only and shall not affect the construction of this Agreement;
- (g) **Gender; Number.** The masculine gender shall include the feminine and neuter and the singular number shall include the plural and vice versa.
- (h) **Losses.** References to “losses” include all liabilities (whether actual or contingent), loss, damages, injury, compensation, penalties, fines, costs, disbursements and expenses arising from any claim, demand, action or proceedings.
- (i) **Qualified Statements.** Any statement qualified by the expression “to the best knowledge and belief of the Vendor” or “so far as the Vendor is aware” or any such similar expression shall be deemed to include an additional statement that it has been made after due investigation and careful enquiry and shall be deemed also to include the knowledge of the Company.
- (j) **Parties.** References to the parties are to the parties to this Agreement.
- (k) **Successors.** The expressions the “Company”, “Purchaser” and “Vendor” include their respective successors in title, permitted assigns and nominees.
- (l) **Construction.** The rule known as the ejusdem generis rule shall not apply and

accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things. General words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be covered by the general words.

- (m) **Breach of Warranties.** Reference to a breach of Warranty or Warranties shall be deemed to include such Warranty or Warranties being breached, untrue, inaccurate, incomplete, or unfairly presented or misleading in any respect.
- (n) **Currency Translation.** All amount denominated and/or payable under this Agreement and all claims arising out of or pursuant to this Agreement, in each case, in HK\$ shall be converted into a corresponding amount in HK\$ at the exchange rate of HK\$1 for HK\$1 and (where applicable) shall be paid and settled in Hong Kong dollars (rather than HK\$).

## 2. SALE OF THE SALE SHARES

- 2.1 Subject to fulfilment of the conditions precedent as set out in Clause 3.1 of this Agreement and the terms and conditions of this Agreement and for the consideration in the amount of HK\$1,144,800,000 (subject to adjustment in accordance with Clause 4B of this Agreement), and in consideration of the representations and warranties given by Sino-Tech as set out in Clause 9 of this Agreement, the Vendor shall sell as legal and beneficial owner the Sale Shares free from any Encumbrances, equities, claims and adverse interests whatsoever, and together with all rights now and hereafter attaching or accruing to them (including the right to receive all dividends and distributions declared, made or paid in respect of the Sale Shares on or after the date of this Agreement) and the Purchaser, relying on the Warranties shall purchase the Sale Shares on Completion.

## 3. CONDITIONS PRECEDENT

- 3.1 **Conditions Precedent.** Completion shall be subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Purchaser) the waiver of the following conditions (except Clause 3.1(i), (ii) and (v) which cannot be waived):-
  - (i) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Vendor nor the Purchaser may reasonably object) or agree to grant listing of and permission to deal in the Consideration Shares and the Conversion Shares;
  - (ii) approval by the shareholders of Sino-Tech of the Shareholders' resolution in relation to, inter alia, this Agreement and all transactions contemplated hereunder, the increase of authorised share capital of the Sino-Tech, the issue of the Consideration Shares, the issue of the

Convertible Notes and the issue of the Conversion Shares at an extraordinary general meeting of Sino-Tech;

- (iii) the Purchaser is satisfied with the results of the Due Diligence Review (as defined in Clause 5 below), including but not limited to the satisfaction of the legal, financial and business position and prospects of the Company;
- (iv) all necessary authorisations of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks, lenders and/or shareholders of the Vendor, the Purchaser or Sino-Tech (if required) and/or relevant regulatory authorities of the PRC (if required)), required for the implementation of the transactions contemplated in this Agreement being obtained and maintained;
- (v) Sino-Tech having complied with and to the satisfaction of the Stock Exchange and the Securities and Futures Commission (the "SFC") all requirements under the Listing Rules and/or the Codes on Takeovers and Mergers (the "Code") in relation to the purchase of the Sale Shares and issue of the Consideration Shares and the Convertible Notes and other transactions contemplated herein;
- (vi) it has not come to the attention of the Purchaser that the representations and warranties and undertakings of the Company herein being inaccurate and incorrect on the date of this Agreement and on each date on which they are deemed repeated, and as if made on, the Completion Date;
- (vii) it has not come to the attention of the Vendor that the ST Warranties being inaccurate and incorrect on the date of this Agreement and on each date on which they are deemed repeated, and as if made on, the Completion Date; and
- (viii) it has not come to the attention of the Purchaser or the Vendor that any Material Adverse Changes or Effect in respect of the Company, the Purchaser or Sino-Tech has occurred or are likely to occur prior to the Completion Date.

3.2 The parties hereto acknowledge and agree that the conditions as set out in Clause 3.1 shall be deemed not to have been fulfilled upon occurrence of the following:

- (i) in case of condition 3.1(iii), the Purchaser notifying the Vendor at any time within one month from the date of this Agreement (or such other date as may be agreed between the Vendor and the Purchaser) that it is not satisfied with the results of the Due Diligence Review whether or not any explanations or reasons have been given and/or stated in such notification;
- (ii) in case of condition 3.1(v), the SFC considers that the obligation on the part of the Vendor and/or parties acting in concert with him for a mandatory offer has arisen or shall arise under Rule 26.1 of the Code as a result of the issue of

the Considerations Shares and Convertible Notes; and/or

(iii) in case of condition 3.1(viii), the Purchaser notifying the Vendor or the Vendor notifying the Purchaser (as the case may be) at any time prior to Completion that the Purchaser or the Vendor (as the case may be) has knowledge of some facts which will constitute or are reasonably likely to constitute Material Adverse Changes or Effect as referred to in Condition 3.1(viii).

3.3 In the event that any of the Conditions Precedent are deemed not to have been fulfilled under Clause 3.2 or are not waived, in each case, at or before 1:00 pm on the Long Stop Date or such later date as the parties hereto may from time to time agree in writing, the Vendor shall instruct the Escrow Agent to release the Earnest Money to the Purchaser by way of cashier order within 5 Business Days from the date of notification of refund in writing is served by the Purchaser to the Vendor and upon receipt of the Earnest Money by the Purchaser, this Agreement shall terminate, upon which no party to this Agreement shall have any liability to any other party, save in respect of any prior breaches of this Agreement.

3.4 Each party hereto shall use its best endeavours to ensure that the Conditions Precedent set out in Clause 3.1 shall be fulfilled by the Long Stop Date.

#### **4. CONSIDERATION**

4.1 Subject to Clause 4B below, the consideration payable by the Purchaser for the Sale Shares shall be HK\$1,144,800,000 which shall be satisfied by :-

- (i) the issue of the Consideration Shares; and
- (ii) the issue of the Convertible Note in the principal amount of HK\$950,400,000 by Sino-Tech to the Vendor or as it may direct, the certificate and the conditions in respect of the Convertible Notes are substantially in the form set out in Schedule 3.

#### **4A. EARNEST MONEY**

4A.1 Within 5 Business Days after signing of this Agreement, the Purchaser shall pay the Earnest Money to the Escrow Agent, who shall have custody of the Earnest Money and place the same in an interest-bearing account in the name of the Escrow Agent. The Escrow Agent shall hold the Earnest Money on the terms set out in the Earnest Money Escrow Letter to be signed upon the signing of this Agreement.

4A.2 If Completion fails to take place because the Purchaser has failed to proceed with the Completion notwithstanding that all the Condition Precedents are fulfilled, the Earnest Money (together with all accrued interest thereon) held by the Escrow Agent shall be

forfeited by the Vendor and the Purchaser agrees that the Vendor shall be entitled to instruct the Escrow Agent to release the said funds to the Vendor and upon receipt of the said funds by the Vendor, the parties hereto shall be released from all of their rights and obligations under this Agreement and the Vendor shall have no further claims against the Purchaser or Sino-Tech save for any prior breaches of this Agreement.

4A.3 If Completion fails to take place because of any reason other than 4A.2 above, the Vendor shall instruct the Escrow Agent to release the Earnest Money (together with all accrued interest thereon) to the Purchaser and upon receipt of the said funds by the Purchaser, the parties hereto shall be released from all of their rights and obligations under this Agreement, save for any prior breaches of this Agreement.

#### 4B. ADJUSTMENT

4B.1 The Purchaser and Sino-Tech hereby undertake to the Vendor that in the event that the aggregate audited net profit after tax of the Company (the “**Aggregate Net Profit**”) as appeared in the Company’s audited accounts for the two financial years ending 31 December 2009 (“**2009 Audited Accounts**”) and 31 December 2010 (“**2010 Audited Accounts**”) is more than HK\$180,000,000 (the “**Guaranteed Profit**”), the Consideration shall be increased by an amount (the “**Increased Amount**”) calculated as follows:

$$A = 10 \times (B - C)$$

where A is the Increased Amount;  
B is the actual Aggregate Net Profit; and  
C is the Guaranteed Profit

provided always that the aggregate Consideration payable by the Purchaser for the Sale Shares after adjustment (if any) shall not exceed HK\$1,594,800,000 and the amount of the Convertible Notes shall not exceed HK\$1,400,400,000.

4B.2 The Vendor hereby irrevocably and unconditionally undertakes to the Purchaser that the 2009 Audited Accounts and 2010 Audited Accounts shall be carried out by the auditors of Sino-Tech adopting generally accepted accounting principles promulgated by the Hong Kong Institute of Certified Public Accountants from time to time.

4B.3 The Purchaser and the Vendor hereby undertake to the other that, subject to the maximum amount as set out in Clause 4B.1 above, in the event that the Aggregate Net Profit exceeds the Guaranteed Profit, the Purchaser shall within 10 Business Days of

issue of the 2010 Audited Accounts deliver relevant principal amount of the Convertible Notes substantially in the form as set out in Schedule 3 hereto where the principal amount shall be a sum equal to the Increased Amount.

## 5. DUE DILIGENCE

5.1 The Purchaser shall be entitled (but not obliged) to carry out a due diligence review and investigation on the Company including without limitation to their assets, liabilities, contracts, commitments and business and financial and legal aspects (“Due Diligence Review”) within one month from the date of this Agreement. In order to facilitate the Due Diligence Review, the Vendor shall and procure the Company shall use its best endeavours to, upon reasonable notice, procure that the Purchaser and/or any persons authorised by any of them shall be given such information, data and documents relating to the Company and within business hours, such access to the premises and all books, title deeds, records, accounts and other documentation of the Company as the Purchaser and/or their authorised persons may reasonably request. Unless the Purchaser notifies the Vendor in writing within one month of this Agreement (or such other date as may be agreed between the Vendor and the Purchaser) that it is not satisfied with the results of the Due Diligence Review, the Purchaser shall be deemed to be satisfied with the results of the Due Diligence Review.

5.2 During the term of this Agreement and after termination or expiration of this Agreement for any reason whatsoever, the Purchaser and/or Sino-Tech shall:

- (i) keep all information disclosed (whether in writing, verbally or by any other means and whether directly or indirectly) by the Vendor and/or the Company (the “**Confidential Information**”) to the Purchaser under the Due Diligence Review confidential;
- (ii) not disclose the Confidential Information to any person other than to its employees or advisers to the extent that it is necessary for the purposes of this Agreement without the prior written consent of the Vendor;
- (iii) not use the Confidential Information for any purpose other than for the purposes of this Agreement.

## 6. REPRESENTATIONS, UNDERTAKINGS AND INDEMNITIES

6.1 **Warranties.** The Vendor hereby unconditionally and irrevocably represents and warrants to the Purchaser under the terms set out in this Clause 6 and **Schedule 2** that:

- (a) each of the Warranties is now and will at all times be true, complete, accurate and fairly presented in all respects and shall remain in full force and effect

notwithstanding Completion;

- (b) the Purchaser is entering into this Agreement in reliance upon such Warranties and the information disclosed in the Accounts;
- (c) subject to the matter disclosed in the Accounts, no information relating to the Company of which the Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of the Purchaser shall prejudice any claim made by the Purchaser under the Warranties or operate to reduce any amount recoverable, and liability in respect thereof shall not be confined to breaches discovered before Completion; and
- (d) the Vendor, whether by himself or acting in concert with other parties, would not at any time convert the Convertible Notes if such conversion would trigger the general offer obligation as defined under the Code.

6.2 **Separate provisions.** Each of the Warranties shall be construed as a separate and independent warranty to the intent that the Purchaser shall have a separate claim and right of action in respect of any breach thereof and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other term of this Agreement.

6.3 **Disclosure.** The Vendor shall disclose to the Purchaser in writing immediately as it becomes aware of any matter occurring at any time before Completion which may or is likely to constitute a breach of any of the Warranties or causes any of the Warranties to be misleading, inaccurate, incomplete in any respects (or which would with the lapse of time constitute a breach of any of the Warranties or causes any of the Warranties to be misleading, inaccurate, incomplete in any respects) or any Material Adverse Change or Effect has occurred or is likely to occur.


6.4 **No Waiver.** The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by the Purchaser terminating, or failing to terminate, this Agreement or any other event or matter whatsoever except by way of a specific and duly authorised written waiver or release by the Purchaser.

6.5 **Undertakings.** The Vendor hereby unconditionally and irrevocably undertakes to the Purchaser that he shall duly and properly perform his obligations under this Agreement, and the Indemnity Deed and the transactions contemplated thereunder.

6.6 **Indemnity.** The Vendor hereby undertakes to indemnify fully and keep indemnified fully the Purchaser (for himself and/or as trustee for the Company) at all times from and against:

- (a) all losses or liability suffered by the Purchaser or the Company including all and

any reduction or diminution in value which the Purchaser may sustain, incur or suffer directly or indirectly as a result of or in connection with any breach of Warranties and the Vendor shall pay to the Purchaser on demand the amount of such losses;

- (b) all losses suffered by the Company as a result of or in connection with, at any time before Completion, any creditor making a valid demand for repayment or payment of any Liability of the Company or in respect of which the Company is liable prior to its stated maturity which demand can reasonably be expected to have a Material Adverse Change or Effect;
- (c) any losses suffered or incurred by the Purchaser or the Company as a result of or in connection with any pending claim, counterclaim, proceeding, investigation, hearing or litigation subsisting on or before Completion to which the Company is a party (whether as plaintiff or defendant) or any other claim arising in relation thereto whether before or after Completion, or any other causes of actions, facts or circumstances subsisting on or before Completion which give rise to any claim, counterclaim, litigation, proceeding, investigation, hearing or litigation involving the Company taking place whether before or after Completion;
- (d) any action, costs, charges, losses or claims, proceedings, disciplinary action, damages and expenses made by any third party or regulatory authorities in connection with or arising by reason of any act done, concurred or omitted in or related to the execution of the duty as directors or officers of the Company before Completion;
- (e) all losses suffered by the Company as a result of or in connection with use of the logo of “” and the “CITIC Logistics” brand name;
- (f) all losses suffered by the Company as a result of or in connection with the failure to vest or transfer beneficial interests in the Intellectual Property Rights in relation to the Business in favour of the Company.

6.7 **Specific Performance.** Nothing in this Clause shall in any way affect or prejudice the Purchaser’s right to seek specific performance of any of the Vendor’s obligations under this Agreement. The Vendor expressly acknowledges that the Purchaser is acquiring the Sale Shares in view of the Business and the Intellectual Property Rights and that as a result, damages would not provide an adequate remedy for any breach by the Vendor of its obligations under this Agreement. Accordingly, the Vendor expressly acknowledges and agrees that in the event of any breach of this Agreement by the Vendor, the Purchaser shall be entitled, in addition to any other rights and remedies available to it, to bring an action and obtain a decree for specific performance either in lieu of damages



or in addition to damages.

#### 6.8 Declaration of Liability.

- (a) The Vendor shall not be liable under this Agreement after the second anniversary of Completion except in respect of those matters which have been the subject of a claim made hereunder or in respect of those circumstances which may give rise to a claim made hereunder and of which notice has been given to the Vendor on or prior to such second anniversary.
- (b) The Vendor shall have no liability under this Agreement :
  - (i) unless, in the case of any particular claim, the amount thereof shall exceed HK\$50,000; or
  - (ii) until the aggregate amount of all valid claims which could otherwise be made under this Agreement (including all claims which could be made but for the operation of paragraph (a)) shall exceed HK\$200,000 at which time all such valid claims shall become payable.
- (c) The Vendor will not be liable for breach of any of the Warranties to the extent that the loss suffered by the Purchaser or the Company also gives rise to an equivalent claim under the Indemnity Deed and the Vendor has satisfied such equivalent claim in full. The Vendor will not be liable for a claim under the Indemnity Deed to the extent that an equivalent claim has been made under the Warranties and the Vendor has satisfied such equivalent claim in full.

#### 7. CONDUCT OF BUSINESS

- 7.1 **Continuation.** The Vendor shall procure that the Business 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 omitted) any act or thing not in the ordinary course of day-to-day operations prior to Completion. In particular the Vendor shall use his reasonable endeavours to procure that except as provided in this Agreement, the Company shall not before the Completion Date, do, allow, or procure any act or omission which would or might constitute a breach of this Agreement or the Warranties or any of its undertakings contemplated under this Agreement, without the Purchaser's prior written consent.
- 7.2 **Restrictions.** Pending Completion, the Vendor shall procure that the Company shall not do any of the following matters except as provided in this Agreement or with prior written consent of the Purchaser which consent shall not be unreasonably withheld:
  - (a) create or permit or agree to create any Liabilities of the Company or in favour of the Company, which together exceed the sum of HK\$1,000,000, other than in its

ordinary course of business;

- (b) make a single payment exceeding HK\$100,000 or a series of payments exceeding HK\$1,000,000 in aggregate, other than in its ordinary course of business;
- (c) add or remove or change any signatories to any of its bank and securities account mandates for the Company;
- (d) resolve to alter the provisions of its memorandum or articles of association or constitutive documents or adopt or pass further resolutions inconsistent therewith;
- (e) make any change in the nature, extent, terms or organisation of its Business;
- (f) issue or agree to issue any shares, warrants, debentures or other securities convertible into debentures or loan capital or grant or agree to grant or redeem or amend the terms of any existing option over or right to acquire or convertible into any share or loan capital or take any action which would result in the Purchaser having on Completion a percentage interest in the Company (on a fully diluted basis) lower than that contemplated in this Agreement;
- (g) enter into any transactions, agreements or arrangements for a value in excess of HK\$1,000,000 in aggregate or HK\$200,000 for any single transaction, other than in its ordinary course of business;
- (h) alter, waive, extend any terms of any Liabilities of the Company or in favour of the Company;
- (i) create or permit or agree to create and arise any Encumbrance in respect of any part of its Business or Assets;
- (j) declare, pay or make any dividends or other distributions by the Company;
- (k) make any capital expenditure;
- (l) sell, transfer, lease, sub-lease, license, sub-license, assign or otherwise dispose of or agree to sell, grant or agree to grant any option, transfer, lease, sub-lease, license, sub-license, assign or otherwise dispose of any Asset including in particular, any of its Business or Assets or any part of them or interest therein, other than in its ordinary course of business;
- (m) purchase, take on lease or assume possession of any real immovable property;
- (n) negotiate for any new overdraft facility or utilisation of any existing overdraft facility, other than in its ordinary course of business;
- (o) agree to the new rent or any terms or make or do such matters in respect of any written request, demand or notice that the Company may receive from any

landlords or owners;

- (p) terminate any agreement or waive any right under any outstanding contractual obligations of the Company which involve commitment or value in excess of HK\$1,000,000 in aggregate, other than in its ordinary course of business;
- (q) other than as envisaged herein, appoint or remove any new directors or secretary or auditors;
- (r) 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\$50,000 per month;
- (s) establish any pension or, retirement scheme, share option scheme, profit sharing or bonus scheme or any other benefit scheme operated by the Company;
- (t) commence, compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings in respect of claims exceeding HK\$500,000 in aggregate or any liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing;
- (u) release, compromise or write off any amount recorded in the books of account of the Company as owing by any debtors of the Company;
- (v) terminate or allow to lapse any insurance policy in respect of any Assets now in effect;
- (w) carry on any business other than its existing Business;
- (x) enter into any partnership or joint venture arrangement;
- (y) do any act or thing which would have a Material Adverse Effect or which would result in breach of any applicable laws.

## 8. TERMINATION

### 8.1 Termination Events. If at any time prior to Completion:

- (a) either party to this Agreement commits or has committed any breach of any of its obligations under this Agreement or the transactions contemplated hereunder in any material aspect; or
- (b) there is a breach of any of the Warranties or the ST Warranties in any material respect; or
- (c) any petition is presented for the winding up or liquidation of the Company or

Sino-Tech (as the case may be) or the Company or Sino-Tech (as the case may be) or makes any composition or arrangement with its creditors or enters into a scheme of the Company or Sino-Tech (as the case may be) or a provisional liquidator, receiver or manager is appointed over all or part of the Assets or undertaking of the Company or Sino-Tech (as the case may be) or anything analogous thereto occurs and such petition or appointment have not been withdrawn within 14 days thereof in respect of the Company or Sino-Tech (as the case may be); or

- (d) the Company or the Purchaser or Sino-Tech (as the case may be) commits or has committed any breach of any applicable laws to which the Company or the Purchaser or Sino-Tech (as the case may be) or any of their respective business is subject and which might lead to the suspension or cancellation or revocation or otherwise prejudice the renewal of any Consents given under any applicable laws,

then, in any such case, the non-defaulting party may at any time prior to the Completion Date in its absolute discretion without any liability on its part, by notice in writing to the other parties, terminate this Agreement and upon which, the Vendor and the Purchaser shall instruct the Escrow Agent to release the Earnest Money to the Purchaser by way of cashier order within 5 Business Days from the date of termination in writing is served by the non-defaulting party and upon receipt of the Earnest Money by the Purchaser, all obligations of the parties hereto 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 in respect of any prior breaches of this Agreement. For the avoidance of doubt, failure to exercise the right to terminate this Agreement under this Clause 8.1 shall not prejudice the right of the non-defaulting party to take any action against the defaulting party for any antecedent breach of the terms of this Agreement.

**8.2 Termination by the Vendor.** If at any time prior to Completion, the ST Shares are suspended from trading on the Stock Exchange for more than 10 consecutive Business Days (other than the suspension for clearance of any announcement or circular or notice in respect of this Agreement) then, the Vendor may at any time prior to the Completion Date in its absolute discretion without any liability on its part, by notice in writing to the Purchaser, terminate this Agreement and upon which the Vendor and the Purchaser shall instruct the Escrow Agent to release the Earnest Money to the Purchaser by way of cashier order within 5 Business Days from the date of termination in writing is served by the Vendor and upon receipt of the Earnest Money by the Purchaser, all obligations of the parties hereto 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 in respect of any prior breaches of this Agreement. For the

avoidance of doubt, failure to exercise the right to terminate this Agreement under this Clause 8.2 shall not prejudice the right of the Vendor to take any action against Sino-Tech for any breach of the ST Warranties subsequently.

8.3 **Cumulative rights.** The right to forthwith terminate this Agreement under each of sub-Clauses 8.1(a) to (b), 8.2 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 party may have as at the date of such notice (including any other right to terminate this Agreement).

8.4 **Effect of termination.** Upon giving of notice pursuant to Clause 8.1 or Clause 8.2, all obligations of the non-defaulting party 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 except:

- (a) in respect of any antecedent breach of any obligation under this Agreement; and
- (b) 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 5.2, 6, 11-22 (inclusive).

## 9. ST WARRANTIES

9.1 **ST Warranties.** Subject to the Warranties are accurate and not misleading, Sino-Tech hereby unconditionally and irrevocably represents and warrants to the Vendor that:

(a) save for the service contracts entered into between Sino-Tech and its directors and the matters disclosed in the Schedule 7 to this Agreement, Sino-Tech does not have any outstanding Liabilities (including a contingent liability);

(b) save for the matters disclosed in Schedule 7, Sino-Tech will not at any time before Completion declares any dividends, or does anything which may have a dilutive effect to its share value including but not limited to issuing warrants or options without the prior written consent of the Vendor.

9.2 **Disclosure.** Sino-Tech shall disclose to the Vendor in writing immediately as it becomes aware of any matter occurring at any time before Completion which may or is likely to constitute a breach of any of the ST Warranty or causes the ST Warranty to be misleading, inaccurate, incomplete in any respects (or which would with the lapse of time constitute a breach of the ST Warranty or causes the ST Warranty to be misleading, inaccurate, incomplete in any respects) or any Material Adverse Change or Effect has occurred or is likely to occur.

- 9.3 **No Waiver.** The rights and remedies of the Vendor in respect of any breach of the ST Warranty shall not be affected by the Vendor terminating, or failing to terminate, this Agreement or any other event or matter whatsoever except by way of a specific and duly authorised written waiver or release by the Vendor.
- 9.4 **Indemnity.** Sino-Tech hereby undertakes to indemnify fully and keep indemnified fully the Vendor at all times from and against all losses or liability suffered by the Vendor as a result of or in connection with any breach of the ST Warranty and Sino-Tech shall pay to the Vendor on demand the amount of such losses.
- 9.5 **Declaration of Liability.**
- (a) Sino-Tech shall not be liable under this Agreement after the second anniversary of Completion except in respect of those matters which have been the subject of a claim made hereunder or in respect of those circumstances which may give rise to a claim made hereunder and of which notice has been given to Sino-Tech on or prior to such second anniversary.
- (b) Sino-Tech shall have no liability under this Agreement :
- (i) unless, in the case of any particular claim, the amount thereof shall exceed HK\$50,000; or
- (ii) until the aggregate amount of all valid claims which could otherwise be made under this Agreement (including all claims which could be made but for the operation of paragraph (a)) shall exceed HK\$200,000 at which time all such valid claims shall become payable.

## 10. COMPLETION

- 10.1 **Completion.** Completion shall take place at the office of the Purchaser's Solicitors on the Completion Date, or at such other place and time as shall be mutually agreed in writing by the Purchaser and the Vendor, when all (but not part of) the relevant business set out in this Clause 10 shall take place, provided that neither the Vendor nor the Purchaser shall be obliged to perform its relevant obligations under this Clause if the other does not simultaneously perform (or has not already performed) its relevant obligations under this Clause.
- 10.2 **Documents to be delivered by the Vendor.** On or before Completion, the Vendor shall deliver to the Purchaser:

- (a) duly completed and executed instrument of transfer and bought and sold notes in favour of the Purchaser and/or its nominees in respect of all of the Sale Shares;
- (b) all share certificates in respect of the Sale Shares;
- (c) a cheque payable to the "Government of HKSAR" in an amount equivalent to the stamp duty payable by the Vendor in respect of the transfer of the Sale Shares;
- (d) documentary evidence satisfactory to the Purchaser that any agreements and arrangements referred to in Clause 10.6 has been terminated;
- (e) the Indemnity Deed duly executed by the Vendor;
- (f) the instructions to the Escrow Agent to release the Earnest Money and the interest accrued thereon to the Purchaser;
- (g) such other documents as may reasonably be required by the Purchaser for the purposes of giving effect to the Completion.

10.3 **Appointments.** The Vendor shall procure that the Company shall appoint the persons nominated by the Purchaser as the directors of the Company.

10.4 **Board Meeting.**

- (a) The Vendor shall procure that a board meeting of the Company be held at which (where applicable):
  - (i) the transfer of the Sale Shares to the Purchaser and/or its nominee(s) be approved and (subject only to stamping if required) registered and the issue of new certificates in respect thereof in favour of the Purchaser and/or its nominee(s) be approved;
  - (ii) the appointment of such persons as the Purchaser shall nominate on or before 7 days prior to the Completion Date as the directors of the Company with effect from the Completion Date be approved;
  - (iii) such other matters shall be dealt with and resolved upon as the Purchaser shall reasonably require for the purposes of giving effect to this Agreement.
- (b) The Purchaser shall hold a board meeting at which:
  - (i) the transfer of the Sale Shares to the Purchaser and/or its nominee(s) be approved and (subject only to stamping if required) registered; and
  - (ii) such other matters shall be dealt with and resolved upon as may be reasonably required for the purposes of giving effect to this Agreement.

- (c) Sino-Tech shall hold a board meeting at which:
    - (i) the Completion and the issue of the Consideration Shares and the Convertible Notes be approved; and
    - (ii) such other matters shall be dealt with and resolved upon as may be reasonably required for the purposes of giving effect to this Agreement.
- 10.5 **Completion monies.** Subject to the fulfilment of the Conditions Precedent and against compliance with the requirements set out in Clauses 10.2 to 10.4, the Purchaser shall on Completion deliver to the Vendor:-
- (a) the share certificate representing the Consideration Shares;
  - (b) the certificates of the Convertible Note as referred to in Clause 4.1(ii) in favour of the Vendor or as it may direct; and
  - (c) a certified true copy of each of the board resolutions of the Purchaser and Sino-Tech approving this Agreement and the execution and completion thereof and of all documents incidental hereto.
- 10.6 **Termination of inter-group arrangements.** Subject as otherwise provided in this Agreement and except those arrangements otherwise agreed by the Purchaser in writing, the Vendor shall procure that all arrangements and agreements between the Vendor and the Company be terminated with effect from Completion by mutual agreement between the respective parties thereto without liability on the part of the Company.
- 10.7 **Remedies of the Purchaser.** The Purchaser shall not be obliged to complete this Agreement or perform any obligations hereunder unless the Vendor complies fully with the requirements of Clauses 10.2, 10.3 and 10.4(a). Without prejudice to any other remedies which may be available to the Purchaser on the Completion Date, the Purchaser may:
- (a) defer Completion to a date falling not more than 28 days after the original Completion Date (so that the provisions of this Clause 10 shall apply to the deferred Completion) provided that, time shall be of the essence as regards the deferred Completion and if Completion is not effected on such deferred date, the Purchaser may rescind this Agreement and claim damages from the Vendor; or
  - (b) proceed to Completion so far as practicable (but without prejudice to the Purchaser's rights hereunder) insofar as the Vendor shall not have complied with its obligations hereunder; or
  - (c) treat this Agreement as terminated for breach by the Vendor of a condition of this Agreement; or



- (d) seek the Vendor to specifically perform the provisions of this Agreement without prejudice to any other remedy which the Purchaser may have at law or in equity.

10.8 **Remedies of the Vendor.** The Vendor shall not be obliged to complete this Agreement or perform any obligations hereunder unless the Purchaser complies fully with the requirements of Clauses 10.4(b) and (c) and 10.5. Without prejudice to any other remedies which may be available to the Vendor on the Completion Date, the Vendor may:

- (a) defer Completion to a date falling not more than 28 days after the original Completion Date (so that the provisions of this Clause 10 shall apply to the deferred Completion) provided that, time shall be of the essence as regards the deferred Completion and if Completion is not effected on such deferred date, the Vendor may rescind this Agreement and claim damages from the Purchaser; or
- (b) proceed to Completion so far as practicable (but without prejudice to the Purchaser's rights hereunder) insofar as the Purchaser shall not have complied with its obligations hereunder; or
- (c) treat this Agreement as terminated for breach by the Purchaser of a condition of this Agreement; or
- (d) seek the Purchaser to specifically perform the provisions of this Agreement without prejudice to any other remedy which the Vendor may have at law or in equity.

## 11. **CONFIDENTIAL ANNOUNCEMENTS**

Each of the parties hereto undertakes that prior to Completion and thereafter it will not (save as required by law or any applicable rules and regulations of any relevant securities exchange or any supervisory or regulatory authority either of the parties may be subject, make, or permit or authorise the making of any press release or other public statement or disclosure) make any announcement in connection with this Agreement or the transactions contemplated hereunder unless the other parties hereto shall have given their respective consents to such announcement (which consents may not be unreasonably withheld or delayed and may be given either generally or in a specific case or cases and may be subject to conditions).

## 12. **FURTHER ASSURANCE**

Each of the parties hereby undertakes to the others that, notwithstanding Completion, it will do all such acts and things and execute all such deeds and documents as may be

necessary or desirable to carry into effect or to give legal effect to this Agreement and the transactions hereby contemplated.

**13. WAIVER**

No waiver by a non-defaulting party of any breach by the defaulting party of any provision of this Agreement 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 non-defaulting party in exercising any of its rights hereunder shall not be construed as a waiver thereof.

**14. NO ASSIGNMENT**

This Agreement shall be binding on and shall enure for the benefit of the successors and assignees of the parties hereto. None of the parties hereto may assign any of its rights or obligations under this Agreement without the prior consent of all other parties in writing.

**15. NON-MERGER ON COMPLETION**

This Agreement shall notwithstanding Completion remain in full force and effect as regards any of the provisions remaining to be performed or carried into effect and including all undertakings, warranties, representations and indemnities.

**16. TIME OF THE ESSENCE**

Time shall be of the essence as regards any time, date or period mentioned in this Agreement and any time, date or period substituted for the same by agreement of the parties or otherwise.

**17. ILLEGALITY AND UNENFORCEABILITY**

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.

**18. DOCUMENTS CONSTITUTING AGREEMENT**

This Agreement, the Indemnity Deed and any documents referred to in this Agreement constitutes the entire agreement between the parties and no variation thereof shall be effective unless made in writing signed by or by the duly authorised representatives of the parties.

**19. COSTS AND EXPENSES**

**19.1 Costs.** Each party shall be responsible for its own costs and expenses (including legal

fees and transaction costs) in relation to the preparation, execution and performance of this Agreement.

19.2 **Stamp Duty.** The stamp duty payable on the transfer of the Sale Shares shall be borne by the parties equally.

## 20. EXECUTION AND COUNTERPARTS

This Agreement may be executed in one or more counterparts each of which shall be binding on each party by whom or on whose behalf it is so executed, but which together shall constitute a single instrument. For the avoidance of doubt, this Agreement shall not be binding on any party hereto unless and until it shall have been executed by or on behalf of all persons expressed to be party hereto.

## 21. LAW AND JURISDICTION

21.1 **Proper law.** This Agreement shall be governed by and construed in accordance with the laws of Hong Kong. The parties irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement.

21.2 **Non-Exclusive jurisdiction.** Nothing in this Agreement shall limit the right of a party to take proceedings against the other party in any other court of competent jurisdiction, nor shall the taking of proceedings by any party in one or more jurisdictions preclude the taking of proceedings by the other in any other jurisdiction, whether concurrently or not.

## 22. NOTICES

22.1 **Address.** Any notice, demand or other communication served, given or made under or in relation to this Agreement shall be in writing and delivered or sent to the relevant party at its address or fax number set out below (or such other address or fax number as the addressee has by two (2) Business Days' prior written notice specified to the other parties):

(a) To the Vendor

Address:	Unit 2012, 20/F., Tower 2 Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong
Fax Number:	(852) 2110 9289

(b) To the Purchaser and Sino-Tech:

Address:	26/F., CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong
Fax Number:	(852) 2947 7748
Attention:	Mr. Y.K. Lam/Ms. Iris Yu

22.2 **Delivery.** Any notice to be given under and in relation to this Agreement shall either be delivered personally or sent by first class post or facsimile.

22.3 **Service.** A notice shall be deemed to have been served as follows:

- (a) if personally delivered at the time of delivery;
- (b) if sent by recorded delivery post at the expiration of 48 hours after the same was delivered into the custody of the postal authorities;
- (c) if sent by facsimile at the expiration of 12 hours after dispatch.

22.4 **Proof of service.** In proving such service it shall be sufficient to prove that personal delivery was made or that the envelope containing such notice was properly addressed and delivered into the custody of the postal authorities as a pre-paid first class delivery letter or that the facsimile was properly addressed and dispatched.

22.5 **Acknowledgement.** The parties hereto hereby acknowledge that Messrs. P.C. Woo & Co. only acts for the Purchaser in connection with this Agreement and the other parties have been duly advised to seek independent legal advice and to obtain separate legal representation.

IN WITNESS WHEREOF the parties have executed this Agreement as a deed on the date first above written.

**THE VENDOR**

SIGNED by LI WEI MIN )  
in the presence of :- )

**THE PURCHASER**

SIGNED by *Lam Yat Keung* )  
duly authorised for and on behalf of )  
TOP VICTORY INDUSTRIES LIMITED )  
in the presence of :- )

For and on behalf of  
~~TOP VICTORY INDUSTRIES LIMITED~~

.....  
*Authorised Signature(s)*

*Wan Kam Fung*  
WAN KAM FUNG  
Solicitor, Hong Kong SAR  
P. C. WOO & CO.

**SINO-TECH**

SIGNED by *Lam Yat Keung* )  
duly authorised for and on behalf of )  
SINO-TECH INTERNATIONAL )  
HOLDINGS LIMITED )  
in the presence of :- )

*Wan Kam Fung*  
WAN KAM FUNG  
Solicitor, Hong Kong SAR  
P. C. WOO & CO.

IN WITNESS WHEREOF the parties have executed this Agreement as a deed on the date first above written.

**THE VENDOR**

SIGNED by LI WEI MIN  
in the presence of :-

) 李偉民  
)

  
NG WAI KIT  
Solicitor, HKSAR  
Peter Lau & Co.

**THE PURCHASER**

SIGNED by )  
)  
duly authorised for and on behalf of )  
TOP VICTORY INDUSTRIES LIMITED )  
in the presence of :- )

**SINO-TECH**

SIGNED by )  
)  
duly authorised for and on behalf of )  
SINO-TECH INTERNATIONAL )  
HOLDINGS LIMITED )  
in the presence of :- )

**SCHEDULE 1**  
**Company Details**

Name	CITIC Logistics (International) Company Limited
Company Number	1130478
Registered Office	Unit 2012, 20/F., Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong
Place of Incorporation	Hong Kong
Date of Incorporation	8 May 2007
Chairman	Nil
Directors	Li Wei Min
Secretary	Wise Link Corporate Services Limited
Accounting Reference Date	31 December
Auditors	K Y Luk & Co or any auditors appointed by the Company
Authorised Share Capital	HK\$10,000 divided into 10,000 shares of HK\$1.00 each
Issued and Paid Up Share Capital	HK\$10,000 divided into 10,000 shares of HK\$1.00 each
Mortgages/Charges	Nil
Guarantees	Nil
Other securities and debentures in issue including convertible notes, warrants and share options	Nil

## SCHEDULE 2

### Warranties

The Vendor represents and warrants and undertakes to the Purchaser that all representations and statements of the facts set out in this **Schedule 2** or otherwise contained in this Agreement are and will be true and accurate in all respects as at the date hereof and at all times up to and as at Completion.

#### 1. **General Information**

- 1.1 The information in **Schedule 1** is true, accurate and complete in all respects.
- 1.2 The issued capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of the Company is free from any Encumbrances and is held together with all rights and entitlements attached thereto. The Company does not have agreed to issue or allot any securities or other ownership interest.
- 1.3 The Company does not have any subsidiary or associated company.
- 1.4 The Company is not and will not at Completion be the owner or the registered holder of any share or interest in or other security of or directly or indirectly interested in any body corporate, partnership, joint venture or any form of equity wherever incorporated or established.
- 1.5 The Company has no investments in any business or securities of any other company.

#### 2. **Compliance with Legal Requirements**

- 2.1 The Company has duly and properly complied with all filing and registration requirements in respect of corporate or other documents imposed under the relevant laws of the jurisdiction in which it is incorporated.
- 2.2 The statutory books and minute books of the Company have been properly written up in all respects and compliance has been made with all legal requirements concerning the Company and all issues of shares, debentures or other securities thereof and are properly kept in the principal place of business of the Company in Hong Kong.
- 2.3 The registers of members/shareholders/directors/mortgages and charges of the Company or the equivalent thereof are correct and to the best knowledge of the Vendor, the Company has not received any application or request for rectification of its registers of members/shareholders/directors/mortgages and charges and there are no



circumstances which might lead to any such application or request for rectification of such register to be made have arisen or occurred.

- 2.4
- (a) The Company has not committed any breach of or failed to observe any applicable laws, rules or regulations to which it is subject nor is being subject to any investigation, enquiry, reprimand or interrogation by any statutory or regulatory body in Hong Kong or elsewhere.
  - (b) The Company has complied with all applicable laws, rules and regulation in all respects and the Company has obtained and complied with all necessary Consents to which its Business is subject and has complied with all legal or regulatory requirements in relation to any transactions to which it is or has been a party before Completion or in relation to the Business.
  - (c) All returns, particulars, resolutions and documents required by the Consents or the Companies Ordinance or any other applicable laws, rules and regulations to be filed with the Registrar of Companies or any other relevant authority in Hong Kong or elsewhere in respect of the Company have been duly filed and were correct and accurate in all respects.
  - (d) The Company has full power, authority and legal right to own its Assets and carry on its Business in the jurisdiction in which it currently carries on, or proposes to carry on its Business.
  - (e) The Vendor has full power to enter into this Agreement and the Indemnity Deed and to exercise its rights and perform its obligations thereunder and (where relevant) all actions required to authorise their execution of this Agreement and the Indemnity Deed and the performance of their obligations under this Agreement and the Indemnity Deed have been duly taken and the Agreement and the Indemnity Deed will, when executed, comprise legal, valid and binding obligations on the Vendor enforceable in accordance with their terms.
  - (f) The execution, delivery and performance of this Agreement and the Indemnity Deed and the performance of the obligations by the Vendor thereunder does not and will not violate in any respect any provision of:
    - (i) any law of or order, writ, injunction or decree of any court in Hong Kong or any jurisdiction in which the Vendor or the Company are incorporated or any part thereof prevailing as at the date of this Agreement and up to and including Completion;
    - (ii) any agreement, commitment or other instrument to which the Vendor or the Company are a party or by which the Company or its Assets may

be bound or affected;

- (iii) the applicable laws, rules and regulations and documents incorporating and constituting the Vendor or the Company prevailing as at the date of this Agreement and up to and including Completion; or
  - (iv) any mortgage, contract or other undertaking or instrument to which the Vendor or the Company are a party or which is binding, upon them or any of their Assets, and does not and will not result in the creation or imposition of any Encumbrance on any of their Assets.
- (g) Other than as set out in this Agreement, no filing or registration with or other requirement of any governmental, regulatory or other competent authority in Hong Kong is required by the Vendor in relation to the valid execution, delivery or performance of this Agreement and the Indemnity Deed (or to ensure the validity or enforceability thereof) or any other ancillary documents relating thereto.
- (h) The Company has not either by itself or vicariously:
- (i) committed any breach of any applicable laws, rules and regulations binding upon it or of any provision of its memorandum or articles of association or bye-laws or of any trust deed, agreement or licence to which it is a party or of any covenant or Encumbrance given by it;
  - (ii) entered into any transaction which is still executory and which is or may be unenforceable by reason of the transaction being voidable at the instance of any other party or ultra vires, void or illegal; or
  - (iii) omitted to do anything, required or permitted to be done by it necessary for the protection of its title to or for the enforcement or the preservation of any order or priority of any Assets it owns.

### **3. Shares and Options**

- 3.1 The Vendor is the beneficial owner of the Sale Shares and has the full power to enter into this Agreement and to perform its obligations and the transactions contemplated hereunder, including but not limited to, the sale of the Sale Shares.
- 3.2 The Vendor has good and sufficient authority to pass good title and to transfer the beneficial ownership and interests in the Sale Shares to the Purchaser under this Agreement.

- 3.3 The Sale Shares are free from any Encumbrances, equities, claims and adverse interests whatsoever; and will, on the Completion Date, be free from any Encumbrances, equities, claims and adverse interests whatsoever.
- 3.4 There is no Encumbrance on, over or affecting any part of the unissued capital or loan capital of the Company and there is no agreement or commitment to give or create any such Encumbrance and no claim has been made by any person to be entitled to any such Encumbrance which has not been fully waived or satisfied.
- 3.5 On Completion, the Sale Shares will be transferred to the Purchaser free from Encumbrances, equities, claims and adverse interests whatsoever.
- 3.6 There is no option, agreement or commitment outstanding which calls for the allotment or issue or gives any person the right to call for the allotment or issue of any shares in or securities or debentures of the Company.

#### **4. Corporate Matters**

- 4.1 The Company is duly incorporated or established and validly existing under the laws of Hong Kong.
- 4.2 All Encumbrances in favour of or created by the Company have (if appropriate) been registered in accordance with applicable laws, rules and regulations at the relevant registries and authorities.
- 4.3 The Company has in its possession, custody or control:
- (a) an executed copy of all agreements which are material to the Company and to which it is a party; and
  - (b) original copies of all other documents which are material to the Company and which are owned by it or which ought to be in its possession.
- 4.5 The Memorandum and articles of association (or equivalent document) of the Company provided to the Purchaser are true, accurate and complete copies and no alteration has been or will be made to such document after the date hereof.

#### **5. Accounts**

- 5.1 The Accounts :
- (a) were prepared in accordance with all applicable laws and with generally accepted accounting principles, standards and practices in the jurisdiction in

which the Company operates (including all applicable Statements of Standard Accounting Practice) at the time they were prepared and on a consistent basis with the audited financial statements of the Company for the period commencing from 8 May 2007 and ended on 31 December 2008 (the “Relevant Accounts”);

- (b) are true and fair, correctly make or include full provision for any established Liabilities (including dividends or other distribution) and including without limitation and deductibles relating to the Litigations, make proper and adequate provisions for all third party claims against the Company which may not be covered in Company’s insurance policies, make proper and adequate provision for (or contain a note in accordance with good accounting practice respecting) all deferred, disputed or contingent Liabilities (whether liquidated or unliquidated) and all capital commitments of the Company as at 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;
- (c) give and upon delivery will give a true and fair view of the relevant state of affairs and financial and trading positions of the Company at the Accounts Date and of the Company's results for the financial period ended on that date;
- (d) correctly include all the Assets of the Company as at the Accounts Date and the rate of depreciation adopted therein is appropriate for each of the fixed assets of the Company to be written down to nil by the end of their estimated lives;
- (e) contain the same basis of depreciation adopted in respect of fixed assets as those adopted in the previous accounts save as disclosed in the Relevant Accounts; and
- (f) are not adversely affected by any unusual, exceptional, extraordinary or non-recurring items which are not disclosed in the Accounts.

5.2 Save in the ordinary course of business of the Company, since the Audited Accounts Date:

- (a) the Company has not entered into any unusual or abnormal contracts or long term or onerous commitments binding on it (other than contracts entered into in the ordinary course of its business) and there has not been any acquisition or disposal by the Company of fixed or long term Assets or any agreement to effect the same in any material nature;

- (b) the Company has not borrowed or lent any money in excess of HK\$500,000 in aggregate which has not been repaid or increased any Liability (whether or not secured) or incurred or entered into any other Liability in excess of HK\$1,000,000 in aggregate;
- (c) no third party has become entitled to terminate any contract or any benefit of any material nature enjoyed by the Company or call in any amount of money before the normal due date therefor or indebtedness;
- (d) the Company has not granted or created any Encumbrance or other financial facilities, finance lease, hire purchase commitment or any Liabilities on the whole or any part of its Assets putting it under a prospective or contingent liability that may remain after the date hereof;
- (e) the Business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past; and no part of such Business has been affected by any abnormal factor in any material respect;
- (f) no fixed asset has been written up nor any debt written off, and the Assets of the Company has not been depleted by any unlawful act of any person;
- (g) the Company has been paying its creditors in respect of all of its debts in accordance with credit terms which have become due and payable in its ordinary course of business and in accordance with the normal trading practice generally accepted in the markets in which the Company carries on its business and there are no amounts overdue and the Company has not made payments to any party in respect of transactions not entered into on an arm's length basis;
- (h) the trading prospects, financial position or business of the Company have not been materially adversely affected as a result of any event or circumstances arising since the Audited Accounts Date and no such Material Adverse Effect is expected by the Company within the immediate future;
- (i) no major capital expenditure has made by the Company nor the Company has entered into any agreement, arrangement or commitment to create the same and the Company has not incurred any material capital commitment nor is engaged in any scheme or project requiring the expenditure of capital of a significant amount;
- (j) the Company does not hold any Encumbrance which is not valid and enforceable against the grantor thereof; and
- (k) the Company has not issued or repaid or agreed to issue or repay any share or loan capital.

- 5.3 Information as set out in Accounts is true and correct.
- 5.4 All the Accounts, ledgers and other financial records (including but not limited to statutory and accounting records), of whatsoever kind of the Company:
- (a) are and will be in its possession;
  - (b) have been and will be properly and accurately kept;
  - (c) do not and will not contain any material inaccuracies or discrepancies of any kind;
  - (d) give and will upon delivery give a true and fair view of its trading transactions, and its financial, contractual and trading position and of its Assets and Liabilities, debtors and creditors; and
  - (e) have been and will be properly kept and maintained in accordance with relevant laws and generally accepted applicable accounting principles applicable.

**6. Business**

- 6.1 The Company carries on its Business intra vires, solely under its corporate name, without infringement of any proprietary right or proprietary interest of any other person, without liability to pay any royalty or similar sum and such Business and activities are not in breach of any law or third party rights in Hong Kong or elsewhere.
- 6.2 All dividends or distributions (if any) declared, made or paid by the Company have been declared, made or paid in accordance with its articles of association or other similar constitutional documents and the applicable laws in the jurisdiction in which the Company is incorporated.
- 6.3 The Company has obtained all Consents, (whether granted by public or private authority) necessary to carry on its Business effectively in the manner and in the place in which its Business is now carried on or in the place in which the products of the Company are sold and such Consents, are in full force and effect and their terms are valid and binding. There are no circumstances which might lead to the breach of any of the terms and conditions of any such Consents and nothing has been done by the Company which will result in, or will give rise to or which might lead to the suspension, termination, revocation or cancellation of any such Consents, or which might prejudice their continuation, renewal or re-grant nor are there any amendments, alterations or changes to be made or proposed to be made to the Consents.

- 6.4 In respect of the Business:
- (a) there are requisite corporate powers in respect thereof, all applicable laws in Hong Kong and elsewhere have been complied with and observed, and there has been no breach or contravention of the same;
  - (b) the Business and all such Consents may continue to be carried on and held by the Company after and notwithstanding Completion; and
  - (c) the carrying on of such Business in no way contravenes or infringes any third party Intellectual Property Rights including but not limited to patents, industrial designs, copyrights and trademarks.
- 6.5 The Consents referred to in paragraph 6.4(b) are valid and in force; the Company is not in breach of any terms of any such Consent (including breach of any requirement relating to such Consent to make returns or reports or supply information) and there are no circumstances which are known, or would on reasonable enquiry be known, to the Vendor which might invalidate any such Consent or render it liable to forfeiture or modification or (in the case of a renewable Consent) affect its renewal.
- 6.6 The Company has not given any representation, warranty or other term (whether express or implied) in respect of any of its services (except as required under law) and it has no material outstanding Liabilities (including a contingent liability) by virtue of the terms on which the services were sold in respect of any such or services or maintenance or replacement.
- 6.7 The Company has not (except for the purpose of carrying on its Business in the ordinary course and subject to an obligation of confidentiality) disclosed, or agreed to disclose, or authorised the disclosure of, any of its suppliers or customers, trade secrets or confidential information concerning its Business, all of which are fully and properly recorded in writing or other appropriate form and are not incorrect, incomplete or inappropriate in any way.
- 6.8 The business of the Company is managed exclusively by its officers and employees, and no person has authority to bind the Company other than its officers and employees acting in the ordinary and ostensible course of their duties.
- 6.9 All material outstanding obligations of the Company to any third party have been duly performed and discharged in each case, at no further consideration and with no further liability on the part of the Company.
- 6.10 No power of attorney given by the Company is still in force and the Company has not granted any power of attorneys in favour of any third party.

- 6.11 There are no outstanding agreements or other authorities (express or implied) by which any person may enter into any contract or commitment to do anything on behalf of the Company or by which any person has been granted any other representative or agency rights or powers.
- 6.12 Any and all related party transactions has been made with the approval of the board of directors and no undisclosed or unauthorised transaction, commitment, or negotiation has been or will be entered into or agreed to be entered into by or on behalf of the Company by any directors or authorised representatives of the Company.
- 6.13 There is not outstanding, and there has not at any time been outstanding, any contract or arrangement to which the Company is a party and which the Vendor or his associates or any director of the Company or associate of such director is or has been interested in, whether directly or indirectly.
- 6.14 There are no legal, administrative, arbitration or other proceedings of any material nature pending challenging the effectiveness or the validity of the businesses and operations carried on by the Company and no such proceedings are threatened.

## **7. Financial Matters**

- 7.1 Save as disclosed in the Audited Accounts and the Management Accounts, there is no amount of any material nature due from or due to (i) the Vendor; (ii) any third party in respect of any loans/debts, or credits due but not paid; (iii) any bank or financial institutions, such that the Company shall have no outstanding Bank Loans and Amounts Due To Vendor on Completion and any sum to be contributed by or procured to be contributed by the Vendor to give effect to the same and any sum subsequently discovered to be due and owing by the Company to any of the persons named in (i), (iii) shall, in each case, be non-recourseable against the Company.
- 7.2 The Company does not have any outstanding Liabilities of any material nature which have not been disclosed to the Purchaser.

## **8. Plant, Equipment and Assets**

- 8.1 The Assets included in the Accounts including, all equipment, computer hardware, software and database of the Company that are necessary for the continuation of the Business, are in reasonably good and safe condition and in working order (fair wear and tear excepted) in all material respects and have been regularly and properly maintained.
- 8.2 The Assets included in the Accounts and all Assets owned by the Company:



- (a) are legally and beneficially owned by the Company free from any Encumbrance, any hire-purchase agreement of any material nature or agreement for payment on deferred terms or bills of sale;
- (b) are in the possession or under the control of the Company; and
- (c) comprise all the Assets, property and rights which the Company owns or which it uses or requires for the purpose of carrying on or continuing its Business.

8.3 Where any Assets of any material nature are used but not owned by the Company or any facilities or services are provided to the Company by any third party, there has not occurred any event or circumstance which may entitle any third party to terminate any agreement or licence in respect of the provision of such facilities or services (or any event or circumstance which, with the giving of notice and/or the lapse of time and/or a relevant determination, would constitute such an event or circumstance).

8.4 All office furniture and equipment are in good condition and capable of being used or sold by the Company in the ordinary course of the Business.

8.5 The amount of all debts owing to the Company (less the amount of any provision or reserve for bad and doubtful debts included in the Accounts) will be substantially recoverable in the ordinary course.

8.6 The Company does not own, and has not agreed to acquire, any shares or debentures in any other undertaking or any other securities.

## 9. **Insurance**

9.1 Other than the insurance policy covered its ordinary course of business, the Company has not effected any insurance.

9.2 All premiums due on the insurance policy (the "Policy") have been paid, all the conditions of the Policy have been performed and observed in all respects, and nothing has been done or has been omitted to be done whereby any of the Policy has or may become void or voidable and all Policy are valid and effectual in any material respect.

9.3 No claim against the Company by any third party is outstanding in respect of which the insurer has rejected or disputed in whole or in part any claim under the Policy.

9.4 All claims which are outstanding under any of the Policy or events which give rise to a claim under any of the Policy but in respect of which a claim has not yet been made are or would be adequately covered in their entirety by the Policy subject only to

deductibles. In relation to the deductibles, such deductibles have been fully provided for in the Accounts.

9.5 The Vendor is not aware of any circumstances which would or might entitle the Company to make a claim under any of the Policy or which would or might be required under any of the Policy to be notified to the insurers where such notification has not been made.

## 10. **Taxation**

10.1 Save that the Company has not notified Inland Revenue Department of its commencement of business yet (the notification is being prepared by the Company's tax representative), the Company has complied with all relevant legal requirements relating to registration or notification for Taxation purposes in all respects.

10.2 The Company has:

- (a) paid all Taxation (if any) due to be paid as at the Completion Date; and
- (b) taken all necessary steps to obtain any repayment of or Taxation Relief available to it.

10.3 All returns, notifications, documents, computations and payments for Taxation purposes which ought to have been made by or in respect of the Company in Hong Kong or elsewhere, have been duly made and all such returns, notifications, documents or computations are up to date, correct and on a proper basis and are not the subject of any dispute with the relevant Taxation Authority.

10.4 The provisions (if any) included in the Accounts are adequate to cover all Taxation in respect of all periods ending on or before the Accounts Date (as the case may be) for which the Company was then or might at any time thereafter become or have become liable.

10.5 The Company is not in dispute with any Taxation Authority and, so far as the Vendor is aware, no such dispute is pending or threatened.

10.6 (a) There is no liability for Tax in relation to the Company which arises in consequence of a series of related Taxation Events only the first or some of which have taken place on or before the Completion Date whether or not the Tax is chargeable against or attributable to any other person but only to the extent that the liability for Tax is attributable to such Taxation Event occurring on or before the Completion Date and which is not and will not be payable in consequence of the utilisation or set-off of some Taxation Relief, where the

Taxation Relief arises in respect of a Taxation Event occurring after the Completion Date.

- (b) There is no liability for Tax in relation to the Company which would have been saved but for the loss, reduction, modification or cancellation of some Taxation Relief in consequence of a Taxation Event occurring on or before the Completion Date where the availability of the Taxation Relief has been shown as an Asset in, or referred to in the notes to, the Accounts of the Company or has been taken into account in computing (and so reducing) any provision (whether for deferred Tax or otherwise) which appears in the Accounts of the Company or has resulted in no provision for deferred Tax being shown in the Accounts of the Company Provided that any Tax which would have been repaid but for the loss, reduction, set-off or cancellation of any right to repayment of the Tax in consequence of a Taxation Event occurring on or before the Completion Date is for the purposes of this paragraph 10.6(b) deemed to be Tax for which the Company is liable and which arises in consequence of the Taxation Event.
- (c) There is no liability to pay an amount in respect of Tax in relation to the Company under an Encumbrance created on or before the Completion Date.

10.7 Paragraph 10.6 does not apply to any liability for Tax to the extent that:

- (a) a specific provision has been made for such Tax in the Accounts of the Company, to the extent that such liability for Tax has been discharged by the Company;
- (b) the liability arises as a result only of a provision or reserve in respect of the liability made in the Accounts of the Company being insufficient by reason of any increase in rates of Tax announced after the Completion Date with retrospective effect; and
- (c) the liability arises as a result of legislation which comes into force after the Completion Date and which is retrospective in effect.

10.8 None of the following shall be regarded for the purposes of paragraph 10.6(a) as an Event which has occurred in the ordinary course of the business of the Company:

- (a) an Event to which any of Sections 20 (liability of certain non-resident persons), 20A (persons chargeable on behalf of a non-resident), 20B (persons chargeable in respect of certain profits of a non-resident), 39 (replacement of plant or machinery), 61 (certain transactions and dispositions to be disregarded), 61A (transactions designed to avoid tax) or 61B (utilisation of losses to avoid tax) of the Inland Revenue Ordinance (Cap 112) may apply shall not be regarded for the purposes of paragraph 10.6(b) as an Event which has occurred in the ordinary

course of the Business of the Company;

- (b) an acquisition, disposal or supply or deemed acquisition disposal or supply of Assets, goods, services or facilities of any kind (including a loan of money or a letting hiring or licensing of tangible or intangible property) for a consideration which is treated for Tax purposes as different from the actual consideration;
- (c) an Event which results in the Company being liable for Tax for which it is not primarily liable;
- (d) an Event in respect of which Tax arises as a result of a failure by the Company to deduct or account for Tax; and
- (e) a disposal of material Assets.

## 11. **Employment Arrangements**

- 11.1 The Company has not entered into any contracts of service or employment with any director of the Company. In other cases, all contracts of service or employment to which the Company is a party can be terminated by it by not more than three months' notice or without compensation (other than compensation required to be paid in accordance with the Employment Ordinance. (Cap 57)). No salary, remuneration or emoluments of employment to or for the benefit of its employees or staff or any other benefits in kind to its employees or staff payable under all such contracts of services or employment exceeding HK\$1,000,000 per month in aggregate.
- 11.2 The Company is not under any obligation (whether actual or contingent and whether or not disputed by the Company) to any former employee earning more than HK\$ 50,000 per month whether for breach of any contract of service, for compensation for wrongful dismissal or for unfair dismissal or for payment of any salaries, wages, pensions, gratuities, severance pay, long service payment, bonuses or otherwise howsoever or whatsoever and no tax, levy, contribution or payment in respect of any former employee earning more than HK\$ 50,000 per month whether to any governmental authority, pension fund, scheme or trust or otherwise howsoever or whatsoever is outstanding or disputed.
- 11.3 No material amount of salaries and wages due to the officers and employees of the Company for any period before the date of this Agreement is outstanding.
- 11.4 The Company is not bound or accustomed to pay any moneys in respect of normal salary, remuneration or emoluments of employment to or for the benefit of its employees or staff or any other benefits in kind to its employees or staff in excess of an aggregate amount of HK\$ 1,000,000 per month.

11.5 The Company has in relation to each of its employees complied with all obligations imposed on it by all laws relevant to the relations between it and its employees.

## **12. Properties and Tenancies**

12.1 The Company does not own any property in Hong Kong and elsewhere.

12.2 With respect to leased property in Hong Kong:

- (i) it is valid and subsisting and in no way void or voidable and will not be liable to be terminated as a result of the execution of this Agreement (including all associated transactions) and the terms covenants and conditions contained in the relevant tenancies will be duly performed and observed;
- (ii) no rights for a landlord to terminate the relevant tenancies have arisen or become exercisable or, with lapse of time, will become exercisable;
- (iii) no circumstances have arisen or, with lapse of time, will arise under or as a result of which any rights of the Company under the relevant tenancies (including any right to renew or extend the term of the relevant tenancies) have been or will be affected, prejudiced or terminated;
- (iv) no circumstances which would entitle a landlord to exercise any power of entry upon or to take possession of the relevant premises or which would otherwise restrict or terminate the continued possession or occupation thereof have arisen or, with lapse time, will arise;
- (v) so far as the Vendor is aware and having made all due and careful enquiries, no circumstances are likely to arise or, with lapse of time, may arise which may render any of the above untrue or inaccurate; and
- (vi) there are no unusual or onerous covenants or obligations on the part of the Company to be observed or performed.

12.3 There are no circumstances which would enable any person or entity to exercise any right of re-entry or taking possession of any of the leased properties under the tenancy agreements or any part thereof or (if applicable) which would otherwise restrict or terminate the continued possession or occupation of such properties or any part thereof.

## **13. Loans**

13.1 The Company does not have any debentures.

- 13.2 Other than in the ordinary course of its business, there is no acceptance credits, overdrafts, loans or other financial facilities outstanding or available to the Company
- 13.3 There is no loan of material nature made to the Company which is outstanding except as shown in the Accounts other than in the ordinary course of business.
- 13.4 The Company has not factored any of its debts or engaged in any financing of a type which would not be required to be shown or reflected in its Accounts.
- 13.5 The Company is not a party to, has no Liability or Encumbrance or has not created or agreed or permitted any Liabilities or Encumbrances to be made or created to or by the Company which are outstanding except as shown in the Accounts.
- 13.6 The total amount borrowed by the Company (as determined in accordance with the relevant instrument or document) does not exceed any limitation on its borrowing powers contained in its memorandum and articles of association or equivalent constitutional document, or in any debenture or other deed or document binding upon it.
- 13.7 No outstanding indebtedness of the Company has become payable by reason of default by the Company and no event of default has occurred or is pending which with the lapse of time or the fulfillment of any condition or the giving of notice may result in any such indebtedness becoming so payable prior to maturity.
- 13.8 Save as disclosed in the Management Accounts, all outstanding Bank Loans, and Amounts Due To Vendor of the Company or Encumbrances given by the Company have been duly released or discharged and such releases and discharge have been duly registered with the relevant government authorities.
- 13.9 Save as disclosed in the Management Accounts, there is no outstanding loan, debt or advance due and owing by the Vendor of one part to the Company of the other part, or vice versa.
- 13.10 Save as disclosed in the Management Accounts, there is no shareholders loan due and owing by the Company to the Vendor.


#### 14. **Litigation**

- 14.1 The Company is not a party to any litigation, arbitration of any material nature or prosecutions or to any other legal or contractual or disciplinary proceedings or hearings or reprimand before any statutory, regulatory or governmental body or to any disputes or to or the subject of any investigation or outstanding claims, complaints and warnings by any authority in the place where the Business of the Company is conducted and no


litigation, arbitration of any material nature, prosecution or other legal or contractual disciplinary proceedings or investigations are threatened or pending either by or against the Company and there are no facts or circumstances, subsisting which might give rise to any such proceeding, investigation, hearing or to any dispute or to any payment and there are no unfulfilled or unsatisfied judgment or court orders against the Company.

**15. Contracts and Commitments**

- 15.1 Since the Audited Accounts Date, the Company has carried on its business in the ordinary and normal course and, save as mentioned in or as contemplated by this Agreement, the Company has not entered into any transaction or incurred any material Liabilities except in the ordinary course of its day-to-day Business on normal commercial terms and on an arm's length basis for full value.
- 15.2 The Company has not received any formal or informal notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand.
- 15.3 The Company is not under any obligation, or a party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort and which has a Material Adverse Effect.
- 15.4 No party to any agreement or arrangement of any material nature with or under an obligation to the Company is in default under it, being a default which would be material in the context of the Company's financial or trading position or Business and there are no circumstances likely to give rise to such a default.
- 15.5 The Company is not:
- (a) in default under any agreement or obligation of any material nature to which it is party or in respect of any other obligations or restrictions binding upon it;
  - (b) liable in respect of any representation or warranty (whether express or implied) which has a Material Adverse Effect.
- 15.6 There are no outstanding contracts, engagements or liabilities, whether quantified or disputed except as shown in the Accounts or entered into in the ordinary course of the Company's day to day business operations on normal commercial terms.
- 15.7 With respect to the Company, there is no:
- (a) contractual arrangements which will or may be legally terminated as a result of the execution or completion of this Agreement; or

- (b) powers of attorney which are still outstanding or effective to or in favour of any person to enter into any contract or commitment or to do anything on its behalf other than in the ordinary course of business; or
  - (c) material agreements or arrangements entered into by the Company otherwise than by way of bargain at arm's length; or
  - (d) contracts which are unusual or of a long-term nature or involving or which may involve obligations on it of a nature or magnitude calling for special mention or which cannot be fulfilled or performed on time or without undue or unusual expenditure of money or effort; or
  - (e) contracts or arrangements between itself and the Vendor or the Vendor's associates.
- 15.8 No agreement or arrangement to which the Company is a party is, is required or, following the execution and completion of this Agreement, will be required to be registered with any authority or governmental agency.
- 15.9 On Completion, there will not be any outstanding contracts, obligations or commitments of any material nature between the Vendor of one part and the Company of the other part.
- 15.10 There are no outstanding contracts between the Company and any other party which is material to the Company.
16. **Intellectual Property**
- 16.1 The Company is a licensee for and/or duly authorized to the use of the logo “  ” and the brand name “CITIC Logistics”.
- 16.2 The Intellectual Property Rights comprise all the Intellectual Property Rights used or required for the purposes of the Business which are material in the context of the Company's business and all of the same are valid, in full force and effect, registered (where applicable) in the name of the Company or the relevant licensor, not subject to renewal or re-registration within three months of the date hereof, and in the sole legal and beneficial ownership of, or the subject of valid licences held by, the Company.
- 16.3 The Company has not granted or is not obliged to grant any licences or assignments under or in respect of any Intellectual Property Rights or to disclose or provide know-how, trade secrets, technical assistance, confidential information or lists of customers or suppliers to any person and no such disclosure has been made.



- 16.4 The conduct of the Business of the Company in the ordinary and usual course as at present will not infringe, and has not at any time in the past infringed, any Intellectual Property Rights of any third party or give rise to any commission, royalty or like fee of any amount or require any Consent to be obtained in the context of the Company's business.
- 16.5 All fees for the owning, registration, grant and/or renewal of the Intellectual Property Rights of or used in the Company's business have been paid on demand or will be paid in due course and no circumstances exist which might lead to the cancellation, revocation, forfeiture or modification, compulsory licence or may prevent the grant or registration of a valid Intellectual Property Right pursuant to a pending application of any such Intellectual Property Rights or to the termination of or any claim for damages under any licence of Intellectual Property Rights to the Company.
- 16.6 There is no fact, matter or circumstances which would or would be likely to :-
- (i) render void or voidable any right to own or use the Intellectual Property Rights;  
or
  - (ii) lead to any revocation of the registration or grant of licence in respect of the Intellectual Property Rights owned or used by the Company.
- 16.7 The Company has not entered into any agreement or arrangement involving the sale, mortgage, pledge, granting of options or any other rights over the Company's interest in any of their Intellectual Property Rights and no rights in or to any of the Intellectual Property Rights are held by any other person.
- 16.8 The Company has taken all steps and actions necessary or desirable in order to protect, defend, enforce or maintain their respective rights in or to the Intellectual Property Rights.
- 16.9 There has not been at any time a claim made that :-
- (i) the conduct of the businesses and operations of the Company using any of the Intellectual Property infringes the Intellectual Property Rights of any third parties or involves the unauthorised use of confidential information; or
  - (ii) the Company is not a licensee of and/or not duly authorised to use the logo of “  ”, the “CITIC Logistics” brand name and/or the Intellectual Property Rights; or
  - (iii) the Intellectual Property Rights registered in the names of or licensed for the

use by the Company are invalid, liable to cancellation or removal, or unlikely to be granted in their current form, whether in whole or in part.

16.10 There exists no actual or threatened infringement by any third party of any Intellectual Property Rights held or used by the Company (including misuse of confidential information) or any event likely to constitute such an infringement nor has the Company acquiesced in the unauthorised use by any third party of any such Intellectual Property Rights.

**17. Computer Systems and Software**

17.1 All software supplied by or used by the Company (collectively "Software") and other information technology (including, without limitation, any hardware, networks, data storage devices, peripherals and equipment) supplied by or used by the Company (collectively "Hardware") are fit in all respects for intended purposes, of satisfactory quality, perform in all respects in accordance with their specifications and user or other manuals or documentation and do not contain any defect or feature which do or may adversely affect their performance or the performance of any other software, hardware or system. The Company has not at any time had any dispute with any person relating to the functionality, quality or fitness for purpose of the Software or Hardware relating to their compliance with their specifications or with any warranties given by the Company or any other person relating to it.

17.2 The Company has taken all reasonable steps to ensure that all Software supplied or used by it is free of any virus and has no grounds for believing that any virus has or will come into contact with such Software.

17.3 The Company has security procedure in place to prevent the unauthorised access, amendment or damage to, or use of, the Company's data or data of third parties held on the Company's computer systems or Software by any third party, and no such unauthorised access, amendment, damage or use has taken place.

**18. Insolvency**

18.1 No order has been made or resolution passed for the winding up of the Company and there is not outstanding:

- (a) any petition or order for the winding up of the Company;
- (b) any receivership of the whole or any part of the undertaking or assets of the Company;
- (c) any petition or order for the administration of the Company; or

(d) any voluntary arrangement between the Company and any of its creditors.

- 18.2 There are no circumstances which are known, or would on reasonable enquiry be known, to the Vendor and which would entitle any person to present a petition for the winding up or administration of the Company or to appoint a receiver of the whole or any part of its undertaking or assets.
- 18.3 No distress, execution or other process has been levied against the Company or action taken to repossess goods in the possession of the Company.
- 18.4 No floating charge created by the Company has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.
- 18.5 The Company is not or has not been a party to any transaction which may be avoided in a winding up.

**19. No Joint Venture**

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

**20. Miscellaneous**

All information given by or on behalf of the Vendor to the Purchaser or its authorized representatives, the Purchaser's Solicitors or the Purchaser's accountants or financial adviser, pursuant to, in connection with, or otherwise contained in, this Agreement was when given up-to-date true accurate and complete in all material respects; and there is no fact or matter which may render any such information or documents untrue, inaccurate, incomplete or misleading in any material respects at the date of this Agreement or which might reasonably be expected to influence the Purchaser's decision to purchase the Sale Shares on the terms of this Agreement. In particular, the Vendor has disclosed all material information or matters relating to the Company to the Purchaser or its authorised representatives or the Purchaser's Solicitors and such information or matters have been set out in the Accounts.

**SCHEDULE 3**  
**Form of Convertible Note**

**FORM OF CERTIFICATE**

Principal amount: Certificate no.: \_\_\_\_\_ HK\$[\*]

[logo]

**SINO-TECH INTERNATIONAL HOLDINGS LIMITED**

泰豐國際集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**AGGREGATE PRINCIPAL AMOUNT OF  
HK\$ ZERO COUPON CONVERTIBLE NOTE DUE ON [•]**

Issued pursuant to the Bye-laws of Sino-Tech International Holdings Limited and a resolution of its Board of Directors passed on [•] 2009.

THIS IS TO CERTIFY that [*Name of Noteholder*] at [*Address*] is the registered holder (“**Noteholder**”) of the above-mentioned Convertible Note (“**Note**”). The Note is issued with the benefit of and subject to the terms and conditions attached hereto which shall form an integral part of this Certificate.

GIVEN under the Common Seal of Sino-Tech International Holdings Limited on [•] 2009.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Secretary/Director

*Notes:*

1. *The Note is neither transferable nor assignable unless in accordance with Conditions 2(b) and (c) and with the prior approval of The Stock Exchange of Hong Kong Limited (if required).*
2. *This certificate is governed by, and shall be construed in accordance with, the laws of the Hong Kong Special Administrative Region of the People's Republic of China.*

*\*For identification purpose only*

*(For endorsement in the event of partial conversion or redemption)*

<u>Date</u>	<u>Amount Converted</u>	<u>Amount Transferred/ Assigned</u>	<u>Amount Redeemed</u>	<u>Amount Cancelled</u>	<u>Amount Outstanding</u>
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## **TERMS AND CONDITIONS OF THE NOTE**

The Note shall be held by the Noteholder subject to and with the benefit of the terms and conditions set out below and such terms and conditions shall be binding on Sino-Tech International Holdings Limited (“**Issuer**”). For the purpose of the terms and conditions of the Note, “**Noteholder**” shall mean the person or entity who is for the time being the registered holder of the Note.

### **1. PERIOD**

Subject as provided herein, the Note shall mature on the date falling the expiry of five (5) years from the date of issue of the Note (“**Maturity Date**”).

### **2. STATUS AND TRANSFER**

- (a) The Note constitutes a direct, general, unconditional and unsecured obligation of the Issuer and ranks *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Issuer. No application will be made for the listing of the Note on any stock or securities exchange.
- (b) No assignment or transfer (whether in whole or in part(s)) of the Note may be made unless in accordance with Condition 2(c) and with the prior approval of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (if required). Title to the Note passes only upon the cancellation of the existing certificate issued in respect of the Note (“**Certificate**”) and the issue of a new Certificate in accordance with Condition 2 (d).
- (c) The Note may be assigned or transferred subject to compliance with all the following conditions:
  - (i) Notification to Issuer:

No assignment or transfer (whether in whole or in part(s)) of the Note may be made by the Noteholder provided that (a) the Noteholder shall give a written notification to the Issuer at least 3 Business Days (as hereinafter defined) prior to each proposed assignment or transfer; and (b) the Noteholder undertakes to give a written notification to the Issuer in the form set out in Appendix I to these Conditions at least 3 Business Days prior to each proposed assignment or transfer informing the Issuer the identity of the proposed assignee or transferee;

- (ii) the principal amount to be transferred or assigned must be at least HK\$500,000 or integral multiples of HK\$500,000.
- (d) Subject to Conditions 2 (b) and (c), the Issuer shall, within five (5) business days (that is, a day other than Saturday and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on which banks are open in Hong Kong for general banking business, “**Business Day**”) of receipt of the existing Note and Certificate from the Noteholder, cancel the existing Note and Certificate, issue a new Note and Certificate in respect of the principal amount being transferred under the common seal of the Issuer in favour of the assignee(s) or transferee(s) or as applicable and (if applicable) endorse the new Certificate of the assignee or transferor with the principal amount so transferred.
- (e) The Issuer shall maintain a full and complete register of the Noteholder from time to time and in the case of the Note being transferred, the assignee(s) or transferee(s) of the Note, the details of any cancellation and destruction of the Certificate(s) and the Note(s), replacement of the Certificate(s) and the Note(s) issued in substitution for any defaced, lost, stolen or destroyed Certificate(s) and the Note(s) and of details and addresses of the Noteholder and/or the assignee(s) or transferee(s) (as the case may be) from time to time. The Noteholder and/or the assignee(s) or transferee(s) (as the case may be) will (except as otherwise required by law) be treated as the absolute owner of the relevant Note for all purposes (whether or not overdue and regardless of any notice of ownership, trust or any interest in it or any writing on) and no person will be liable for so treating the Noteholder and/or the assignee(s) or transferee(s) (as the case may be). The Issuer shall make available such register to the Noteholder and/or the assignee(s) or transferee(s) (as the case may be) for inspection at all reasonable times.

### 3. **DENOMINATION AND INTEREST**

- (a) The Notes will be in registered form in the denomination of HK\$3,000,000 or any multiples thereof (save for the last tranche of the Note where the principal amount of the Note to be issued by the Issuer may be less than HK\$3,000,000).
- (b) The Note will not bear any interest.

4. **PAYMENTS**

- (a) Subject to Condition 5(c)(ii), payment of the outstanding principal amount of the Note will be made for value on the relevant due dates by telegraphic transfer to a bank account in Hong Kong as nominated by the Noteholder or, if the Noteholder fails to nominate a bank account, the Issuer shall be entitled to pay such amount by sending a banker's draft drawn in favour of the Noteholder to the address of the Noteholder as appearing on the Certificate.
- (b) All sums payable under this Condition shall be paid (i) free of any restriction or condition; (ii) free and clear of and (except to the extent required by the applicable law) without any deduction or withholding for on account of any tax or other charges and (iii) without deduction or withholding (except to the extent required by the applicable law) on account of any other amount whether by way of set-off or otherwise in each case, other than tax, charges or amount derived outside Hong Kong by reason of the Noteholder.
- (c) Any payment so made by the Issuer under this Condition shall be a good and absolute discharge of the Issuer's obligations under the Note.
- (d) If any payment date or the Maturity Date is not a Business Day, the Noteholder will be entitled to payment on the next following Business Day in accordance with Condition 4(a) but will not be entitled to any other payment in respect of any such delay.

5. **CONVERSION, MATURITY AND REDEMPTION**

(a) **Conversion**

Subject to Conditions 2(b) and (c) and as hereinafter provided in this Conditions 5(a) and Condition 5(b), the Noteholder (and its assignee(s) or transferee(s) pursuant to Condition 2(c)) will have the right ("**Conversion Rights**"), at any time on any Business Day from the date of issue of this Note to the Maturity Date, to convert the whole or part of the outstanding principal amount of the Note into ordinary shares in the issued share capital of the Issuer ("**Conversion Shares**") which shall be determined by dividing the outstanding principal amount of the Note by the Conversion Price (as defined hereinafter)(rounded down to the nearest whole number). The conversion price(s) ("**Conversion Price(s)**"), subject to adjustment as hereinafter described in Condition 6, shall be HK\$0.12. No fraction of a Conversion Share will be issued but (except in cases where any such cash payment would amount to less than HK\$1.00) an equivalent cash payment in dollars of the Hong Kong Special Administrative Region ("**Hong Kong**") will be made to a Noteholder which proposes to exercise all or any part of its Conversion Rights ("**Converting Noteholder**") in respect of such fraction. The Conversion Shares shall rank *pari passu* in all respects amongst themselves and with all other shares in the issued share capital



of the Issuer (“**Issuer Shares**”) outstanding at the date of conversion specified in the Conversion Notice (as defined below) served in accordance with Condition 8(a) (“**Conversion Date**”) and be entitled to all dividends and other distributions the record date of which falls on a date on or after the Conversion Date.

(b) Conversion Prerequisites

The Noteholder shall not be entitled to exercise the Conversion Rights unless in compliance with all the following conditions:

Conversion Amount

Any Conversion shall be made in amounts of not less than a whole multiple of HK\$600,000 on each Conversion unless the principal amount of the outstanding Note is less than HK\$600,000 in which case the whole (but not part only) of such outstanding principal amount of the Note shall be converted.

Compliance with the Listing Rules and Takeovers Code

No Conversion shall be made unless such Conversion complies with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Codes on Takeovers and Mergers (the “Takeovers Code”). In addition, no Conversion Rights may be exercised by the Noteholder unless prior written confirmation has been given by the Noteholder to the Issuer that all the Issuer Share (including the Conversion Shares) issued or to be issued) held by the Noteholder, its associates (as defined under the Takeovers Code) and persons acting in concert (as defined in the Takeovers Code) on the Conversion Date will not become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

(c) Maturity

- (i) On the Maturity Date, the total outstanding principal amount of the Note shall be repaid to the Noteholder in accordance with Condition 5(c)(ii) below.
- (ii) The Note being repaid shall be so repaid against surrender of the Certificate for cancellation and, against such surrender, all outstanding principal amounts due and owing to the Noteholder will be paid by the Issuer in accordance with Condition 4.
- (ii) All payments made by the Issuer pursuant to this Condition 5(c) shall be a good and absolute discharge of the Issuer’s obligations under the Note.

6. ADJUSTMENTS

- (a) Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of sub-paragraphs (i) to (vii) inclusive of this Condition 6(a) it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:
- (i) If and whenever the Issuer Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.
- (ii) If and whenever the Issuer shall issue (other than in lieu of a cash dividend) any Issuer Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Issuer Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Issuer Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.
- (iii) If and whenever the Issuer shall make any Capital Distribution (as defined in Condition 6(b)) to holders (in their capacity as such) of Issuer Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Issuer or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be reduced by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the market price (as defined in Condition 6(b)) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the Capital Distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good

faith by an approved merchant bank, of the portion of the Capital Distribution or of such rights which is attributable to one Issuer Share,

Provided that:

- (aa) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights; and
- (bb) the provisions of this sub-paragraph (iii) shall not apply in relation to the issue of Issuer Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the Capital Distribution or the grant.

- (iv) If and whenever the Issuer shall offer to holders of Issuer Shares new Issuer Shares for subscription by way of rights, or shall grant to holders of Issuer Shares any options or warrants to subscribe for new Issuer Shares, at a price which is less than eighty per cent. (80%) of the market price at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of Issuer Shares in issue immediately before the date of such announcement plus the number of Issuer Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Issuer Shares comprised therein would purchase at such market price and the denominator is the number of Issuer Shares in issue immediately before the date of such announcement plus the aggregate number of Issuer Shares offered for subscription or comprised in the options or warrants (such adjustment to become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant) Provided however that no such adjustment shall be made if the Issuer shall make a like offer or grant (as the case may be) at the same time to the Noteholder (subject to such exclusions or other arrangements as the directors of the Issuer may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) as if it had exercised the Conversion Rights under the Note in full on the day immediately preceding the record date for such offer or grant.

- (v) (aa) If and whenever the Issuer shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Issuer Shares, and the total Effective Consideration (as defined below) per Issuer Share initially receivable for such securities is less than eighty per cent. (80%) of the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Issuer Shares in issue immediately before the date of the issue plus the number of Issuer Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Issuer Shares in issue immediately before the date of the issue plus the number of Issuer Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the business day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Issuer determines the conversion or exchange rate or subscription price.
- (bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this sub-paragraph (v) are modified so that the total Effective Consideration per Issuer Share initially receivable for such securities shall be less than eighty per cent. (80%) of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Issuer Shares in issue immediately before the date of such modification plus the number of Issuer Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of Issuer Shares in issue immediately before such date of modification plus the number of Issuer Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or

subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (v), the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Issuer for any such securities plus the additional minimum consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the Effective Consideration per Issuer Share initially receivable for such securities shall be such aggregate consideration divided by the number of Issuer Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (vi) If and whenever the Issuer shall issue wholly for cash any Issuer Shares at a price per Issuer Share which is less than eighty per cent. (80%) of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Issuer Shares in issue immediately before the date of such announcement plus the number of Issuer Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Issuer Shares in issue immediately before the date of such announcement plus the number of Issuer Shares so issued. Such adjustment shall become effective on the date of the issue.
- (vii) If and whenever the Issuer shall issue Issuer Shares for the acquisition of asset at a total Effective Consideration (as defined below) per Issuer Share which is less than eighty per cent. (80%) of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying it by a fraction of which the numerator shall be the total Effective Consideration per Issuer Share and the denominator shall be such market price. Each such adjustment shall be effective (if appropriate retroactively) from the close of business in Hong Kong on the business day next preceding the date on which the Issuer determines the issue price for such Issuer Shares. For the purpose of this sub-paragraph (vii) “**total Effective Consideration**” shall be the aggregate consideration credited as being paid for such issuer Shares by the issuer on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**total Effective**

**Consideration per Issuer Share**” shall be the total Effective Consideration divided by the number of Issuer Shares issued as aforesaid.

(b) For the purposes of this Condition 6:

“**announcement**” shall include the release of an announcement to the press or the delivery or transmission by telephone, facsimile or otherwise of an announcement to the Stock Exchange and “**date of announcement**” shall mean the date on which the announcement is first so released, delivered or transmitted;

“**approved merchant bank**” means a merchant bank of repute in Hong Kong selected by the Issuer for the purpose of providing a specific opinion or calculation or determination hereunder;

“**Capital Distribution**” shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution provided that any such dividend shall not automatically be so deemed if:

- (i) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Issuer Shares for all financial periods after that ended 31 December 2005 as shown in the audited consolidated profit and loss account of the Issuer and its subsidiaries for each such financial period; or
- (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the auditors of the Issuer for the time being appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

“**issue**” shall include allot;

“**market price**” means the average of the closing prices of one Issuer Share dealing on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Issuer Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained;

“**Issuer Shares**” includes, for the purposes of Issuer Shares comprised in any issue, distribution or grant pursuant to sub-paragraphs (iii), (iv), (v), (vi) or (vii)

of Condition 6(a), any such ordinary shares of the Issuer as, when fully paid, will be Issuer Shares;

“reserves” includes unappropriated profits;

“rights” includes rights in whatsoever form issued.

- (c) The provisions of sub-paragraphs (ii), (iii), (iv), (v), (vi) and (vii) of Condition 6(a) shall not apply to:
- (i) an issue of fully paid Issuer Shares upon the exercise of any conversion rights attached to securities convertible into Issuer Shares or upon exercise of any rights (including any conversion of the Note) to acquire Issuer Shares provided that an adjustment has been made under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be);
  - (ii) an issue of Issuer Shares or other securities of the Issuer or any subsidiary of the Issuer wholly or partly convertible into, or rights to acquire, Issuer Shares to officers or employees of the Issuer or any of its subsidiaries pursuant to any employee or executive share scheme;
  - (iii) an issue by the Issuer of Shares or by the Issuer or any subsidiary of the Issuer of securities wholly or partly convertible into or rights to acquire Issuer Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business provided that an adjustment has been made (if appropriate) under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be);
  - (iv) an issue of fully paid Issuer Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or rights to acquire Issuer Shares; or
  - (v) an issue of Issuer Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Issuer Shares so issued is capitalised and the market value of such Issuer Shares is not more than 110 per cent. of the amount of dividend which holders of the Issuer Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of one Issuer Share shall mean the average of the closing prices for such Stock Exchange dealing days on which dealings in the Issuer Shares took place (being not less than five such dealing days) as are selected by the directors of the Issuer in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Issuer Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.

- (d) Any adjustment to the Conversion Price shall be made to the nearest one-tenth of a cent so that any amount under one-twentieth of a cent shall be rounded down and any amount of one-twentieth of a cent or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Issuer Shares into Issuer Shares of a larger nominal amount) involve an increase in the Conversion Price exceeding HK\$0.12 per Issuer Share from the date of issue of the Convertible Notes to the Maturity Date. In addition to any determination which may be made by the directors of the Issuer every adjustment to the Conversion Price shall be certified (at the option of the Issuer) either by the auditors of the Issuer for the time being or by an approved merchant bank.
- (e) Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition 6 would be less than one cent and any adjustment that would otherwise be required then to be made shall not be carried forward.
- (f) If the Issuer or any subsidiary of the Issuer shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Issuer Shares, the Issuer shall appoint an approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved merchant bank shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly and the provisions of Conditions 6(d), 6(e) and 6(h) shall apply).
- (g) Notwithstanding the provisions of Condition 6(a), in any circumstances where the directors of the Issuer shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Issuer may appoint an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank to be in its opinion appropriate.
- (h) Whenever the Conversion Price is adjusted as herein provided the Issuer shall give notice to the Noteholder that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in



effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Note remains outstanding make available for inspection at its registered office in Hong Kong a signed copy of the said certificate of the auditors of the Issuer or (as the case may be) of the relevant approved merchant bank and a certificate signed by a director of the Issuer setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Noteholder.

- (i) If application of any of the provisions of this Condition 6 would but for this paragraph (i) result in the Conversion Price being reduced so that on conversion Issuer Shares shall fall to be issued at a discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Issuer Share.

## **7. PROTECTION OF THE NOTEHOLDER**

So long as the Note is outstanding, and subject to any approvals otherwise given in writing by the Noteholder, the Issuer agrees and undertakes to the Noteholder to:

- (a) keep available for issue, free from pre-emptive rights, out of their authorised but unissued capitals sufficient Issuer Shares to satisfy in full the Conversion Rights (if and when exercised) and all other rights for the time being outstanding of subscription for and conversion into Issuer Shares;
- (b) have Issuer Shares of such par value so as to ensure that any conversion of the Notes into Issuer Shares would not constitute a subscription for the Issuer Shares at an amount less than the par value of the Issuer Shares;
- (c) not in any way modify the rights attached to the Issuer Shares as a class or attach any special restrictions thereto or create or issue or permit to be in issue any other class of equity share capital carrying any right to income or capital which is more favourable than the corresponding right attaching to the Issuer Shares or attach any special rights or privileges to any such other class of equity share capital;
- (d) not make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights it would but for Condition 6(a)(i) be required to issue Issuer Shares at a discount to their nominal value;
- (e) if an offer is made to the holders of Issuer Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire all or a proportion of the Issuer Shares, as soon as practicable give notice of such offer to the Noteholder and use its reasonable endeavours to procure that a similar offer is extended in respect of

the Note or in respect of any Issuer Shares issued on conversion of the Note during the period of the offer;

- (f) use its reasonable endeavours:
  - (i) to maintain a listing for all the Issuer Shares on the Stock Exchange or on such other equivalent internationally recognised stock exchange (“**recognised stock exchange**”) as the Issuer may from time to time determine;
  - (ii) to obtain and maintain a listing on the Stock Exchange (or a recognised stock exchange) for all Conversion Shares; and
  - (iii) to obtain a listing on any other stock exchange on which any of the Issuer Shares are for the time being listed and will give notice to the Noteholder in accordance with the Bye-laws of the Issuer of the listing or delisting of the Issuer Shares by any such stock exchange;
- (g) as soon as possible and in any event not later than fourteen (14) Business Days after the announcement of the terms of any issue pursuant to Condition 6 give notice to the Noteholder advising it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising its Conversion Rights pending such date; and
- (h) comply with and procure the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Note or for the listing of and permission to deal in the Conversion Shares and to ensure the continued compliance thereof.

The Issuer shall ensure that all Conversion Shares will be duly and validly issued as fully paid and registered and rank *pari passu* in all respects with all other Issuer Shares then in issue.

## 8. PROCEDURE FOR CONVERSION

- (a) The Converting Noteholder may, subject as provided in the Conditions of the Note, at any time on any Business Day so long as the Note remains convertible, provided that the Conversion Notice (as defined below) may only be given after the Issue Date and the last Conversion Notice (as defined below) may only be given on or before the Business Day immediately prior to the Maturity Date, exercise its Conversion Rights by delivering to the principal place of business of the Issuer a written notice (“**Conversion Notice**”) stating its intention to convert together with the Certificate. The Conversion Notice shall be in the form set out in the Appendix II to these Conditions. The Conversion Notice shall be irrevocable once given by the Converting Noteholder and shall oblige the Converting Noteholder to accept the Conversion Shares arising on such conversion on and subject to the Bye-laws of the Issuer. The Converting

Noteholder shall be responsible for payment of all taxes and stamps, issue and registration duties (if any) and Stock Exchange levies and charges (if any) arising on conversion.

- (b) The relevant Conversion Shares shall be allotted and issued by the Issuer to the Converting Noteholder or as it may direct with effect from the relevant Conversion Date. Share Certificate(s) for such Conversion Shares shall be issued in board lots (if applicable) and delivered to the Converting Noteholder together with an endorsement on the Certificate by a director of the Issuer for any outstanding balance of its Note not converted (if appropriate) or redeemed or cancelled (as the case may be) within fourteen (14) Business Days of the Conversion Date.

## 9. EVENTS OF DEFAULT

9.1 If any of the events specified below (“Events of Default”) occurs, the Noteholder may give a written notice in respect of the Note, to the Issuer declaring an Event of Default and electing that the Note be redeemed. The relevant Events of Default are:

- (a) a default is made for more than fourteen (14) Business Days in the payment of any amount due in respect of the Note when the same ought to be paid in accordance with these Conditions;
- (b) a default is made by the Issuer in the performance or observance of any covenant, condition or provision contained in these Conditions and on its part to be performed or observed (other than the covenant to pay the principal) and such default is incapable of remedy, or if capable of remedy is not remedied within fourteen (14) Business Days of service by the Noteholder on the Issuer, of notice requiring such default to be remedied;
- (c) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved;
- (d) any governmental or other authority expropriates, or threatens to expropriate, all or any substantial part of the business or assets of the Issuer save as permitted in these Conditions;
- (e) an encumbrancer takes possession of or a receiver is appointed over the whole or a material part of the assets or undertaking of the Issuer and such possession or appointment is not terminated within twenty eight (28) Business Days of a written request by the Noteholder;
- (f) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property of the Issuer and is not discharged within twenty eight (28) Business Days thereof;

- (g) the Issuer initiates or consents to proceedings relating to itself under any applicable reorganisation or insolvency law or makes an assignment for the benefit of, or enters into any composition with, its creditors generally;
  - (h) proceedings are initiated against the Issuer under any applicable reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of thirty (30) Business Days;
  - (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of their respective obligations under these Conditions or the Note;
  - (j) the Note is not redeemed within fourteen (14) Business Days from the date of the notice being given under this Condition 9.1;
  - (k) the Note is not redeemed on the Maturity Date pursuant to Condition 5 or on the Redemption Date pursuant to Condition 10;
  - (l) any present or future indebtedness of the Issuer in excess of HK\$100,000,000 becomes due and payable prior to its stated maturity or any such indebtedness is not paid after three months of when it becomes due.
- 9.2 The Issuer shall on becoming aware of any Event of Default give notice in writing thereof to the Noteholder as soon as possible.
- 9.3 Subject to Condition 9.1, at any time after a Note has become payable as stated in Condition 9.4 and is not so repaid, the Noteholder may without further notice institute such proceedings as thought fit to enforce payment of all the monies due under the Note.
- 9.4 Upon the occurrence of an Event of Default and upon a written notice being received by the Issuer from the Noteholder pursuant to Condition 9.1, the Note shall become due and repayable forthwith once the notice was served at the applicable redemption amount for the outstanding principal amount of the Note in connection with the Note or otherwise under these Conditions as at the date on which the Note is to be redeemed and repaid as aforesaid.
- 9.5 The Issuer shall fully indemnify the Noteholder in respect of the liability of the Issuer hereunder upon the occurrence of an Event of Default and from and against any reasonable costs, expenses, liabilities and losses (including properly and reasonably incurred legal fees and costs) which the Noteholder, as the case may be, would suffer or incur as a result of or in connection with enforcing repayment of the Note and/or any obligation of the Issuer under the Notes.
- 9.6 If the Issuer shall fail to pay any amount due under the Note or the Conditions on the applicable payment due date, the Issuer shall pay interest to the Noteholder at the default rate equivalent to the best lending rate plus two per cent. per annum as quoted by the Hongkong and Shanghai Banking Corporation Limited from time to time on the total outstanding amount on the Note due to be payable by the Issuer to the Noteholder

from the next date immediately following the payment due date until (and including) the date on which payment is made in full.

10. **REDEMPTION**

- (a) Subject to Condition 9 hereof, the Note may be redeemed in amounts of HK\$100,000 or integral multiples thereof ("**Redemption Amount**") at the option of the Issuer on any Business Day prior to the Maturity Date by giving not less than seven (7) Business Days' prior written notice to a Noteholder in the form set out in Appendix III ("**Redemption Notice**"). A Redemption Notice shall be irrevocable once given by the Issuer to the Noteholder.
- (b) Upon payment of the Redemption Amount in accordance with Condition 10(a), the Note redeemed by the Issuer will be forthwith cancelled and may not thereafter be reissued or resold. In the case of a partial redemption by the Issuer, upon completion of the partial redemption, the Issuer shall issue a Note representing the remaining principal amount not redeemed in accordance with Condition 10(a) above to the Noteholder.
- (c) For the avoidance of doubt, the right of redemption by the Issuer under this Condition 10 may be exercised by the Issuer at its absolute discretion and may be exercised by the Issuer on any of the Noteholders exclusive of the other Noteholders.

11. **VOTING**

The Noteholder will not be entitled to attend or vote at any meetings of the Issuer by reason only of it being the Noteholder.

12. **REPLACEMENT NOTE**

If the Certificate is lost or mutilated, the Noteholder shall notify the Issuer and a replacement certificate for the Note shall be issued by the Issuer. Any certificate for the Note replaced in accordance with this Condition shall forthwith be cancelled. All reasonable administrative costs and expenses associated with the preparation, issue and delivery of a replacement certificate for the Note shall be borne by the Noteholder.

13. **EXPERTS**

In giving any certificate or making any adjustment in accordance with Condition 6 hereof, the auditors of the Issuer or (as the case may be) an approved merchant bank as appointed by the Issuer shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Issuer and the Noteholder and all persons claiming through or under them respectively. Any costs and expenses incurred in connection with the appointment of the auditors or approved merchant bank shall be borne by the Noteholder.

14. **NOTICES**

- (a) Any notice or other communication to be given under the Note shall be in writing and may be given or made by facsimile or first class pre-paid post. Any such notice or communication shall be sent to the party to whom it is addressed and must contain sufficient reference and/or particulars to render it readily identifiable with the subject matter of the Note. If so given by facsimile, such notice or communication shall be deemed when sent and confirmed by the originating fax machine of the sender received; if so sent by pre-paid post to an address in Hong Kong, shall be deemed to be received two (2) Business Days after the date of despatch; and, if so sent by air-mail to an address outside Hong Kong, shall be deemed received seven (7) Business Days after the date of despatch.
- (b) The relevant address and facsimile number of each party for the purpose of the Note are as follows:

<u>Name of party</u>	<u>Address</u>	<u>Facsimile Number</u>	<u>Attention</u>
Issuer: Sino-Tech International Holdings Limited	26/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong	2688 6072	Board of Directors
Noteholder:	[●]	[●]	[●]

15. **MEETING OF NOTEHOLDERS**

- (a) The Noteholders may convene a meeting amongst themselves to consider any matter relating to the Notes and/or the Conditions which is required to be decided by the Noteholders. The provisions of Appendix IV relating to the meetings of the Noteholders shall have full effect as if the same had been incorporated herein.
- (b) For the purposes of this Condition and the Schedules hereto, "Majority Vote" shall mean a majority of the votes (represented by the outstanding principal amount of the Notes) cast by those Noteholders (including their respective proxy, if a Noteholder cannot vote in person, and their respective duly authorised representative, if a Noteholder is a corporation) representing more than 50% of the aggregate outstanding principal amount of the Notes present and voted at a duly convened meeting of the Noteholders.

16. **VARIATION OF THE CONDITIONS**

The terms and conditions of the Note may be varied, expanded or amended by an addendum executed by the Issuer and expressed to be supplemental hereto, and only if it shall first have been sanctioned by a resolution passed by a Majority Vote at a

meeting of the Noteholders (to the extent that such matter sanctioned at the meeting of the Noteholders shall be agreed by the Issuer).

18. **GOVERNING LAW AND JURISDICTION**

These Conditions shall be governed by and construed in accordance with Hong Kong law and the Issuer and the Noteholder agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.

**APPENDIX I**

**Form of Notice of Assignment/ Transfer**

To: Sino-Tech International Holdings Limited

In respect of a convertible loan note for an aggregate principal amount of HK\$[\*] issued by Sino-Tech International Holdings Limited (“**Issuer**”) subject to and upon the terms and conditions (“**Conditions**”) attached to the certificate for the Note in respect of the principal amount of HK\$[\*] (“**Note**”), I/we, being the holder of the Note, hereby irrevocably give you notice of my/our desire to transfer and assign the principal amount of HK\$[\*] under the Note together with all my/our rights and obligations attached thereto in accordance with the Conditions to [*Name of Transferee/ Assignee*] of [*Address*] on [*date*].

Pursuant to Condition 2(c)(i), I/We hereby inform you that the proposed transferee or assignee is/ is not [*please delete where inapplicable*] a connected person (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of the Issuer.

Yours faithfully,  
For and on behalf of  
[Name of Noteholder]

\_\_\_\_\_  
[Authorised Signatory]

Dated [ ● ]



**APPENDIX II**

**Form of Notice of Conversion**

To: Sino-Tech International Holdings Limited

In respect of a convertible note (“**Note**”) for an aggregate principal amount of HK\$ [\*] issued by Sino-Tech International Holdings Limited (“**Issuer**”) subject to and upon the terms and conditions (“**Conditions**”) attached to the certificate for the Note, I/we, being the holder of the Note, hereby give you notice of my/our desire to exercise the conversion rights attached to the Note for [●] Conversion Shares (as defined in the Conditions) to the extent of HK\$[\*] of the principal amount outstanding under the Note in accordance with the Conditions on the date hereof.

I/We hereby irrevocably and unconditionally accept all the fully paid Conversion Shares (as referred to in the Conditions) to be issued pursuant hereto subject to the Bye-laws of the Issuer.

I/We desire all of such Conversion Shares to be registered in my/our name and hereby authorise the entry of my/our name in the register of members of the Issuer and the despatch of the share certificates therefor by post at my/our risk to [●] at [●].

Yours faithfully,  
For and on behalf of  
[Name of Noteholder]

\_\_\_\_\_  
[Authorised Signatory]

Dated [●]

**APPENDIX III**

**Form of Redemption Notice**

Date : [•]

The Issuer, Sino-Tech International Holdings Limited (“**Issuer**”), hereby irrevocably gives notice to the Noteholder named hereunder to redeem all/part (\*please delete where appropriate) of the Note specified, of the Issuer in accordance with the Conditions and the terms below.

Principal amount of the :  
Note  
Principal Amount of the  
Note to be Redeemed :

Principal Amount of the  
Note outstanding after  
Redemption: :

Name of Noteholder :

Address of Noteholder :

Date of Redemption :

Signed by [•]  
for and on behalf of  
Sino-Tech International Holdings Limited

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Note: Defined terms used in this Notice have the same meanings as in the Certificate and the Conditions issued to the Noteholder by the Issuer dated [•] 2007.

## APPENDIX IV

### Provisions for meetings of the Noteholders

1. The Company may, or upon a request in writing of the Noteholders (holding not less than 10% of the aggregate outstanding principal amount of the Notes for the time being), at any time convene a meeting of the Noteholders. Every such meeting shall be held at such place the Company may deem appropriate.
2. At least fourteen days' notice of any meeting of the Noteholders shall be given to the Noteholders. The notice shall specify the day, time and place of the meeting and the terms of the resolutions to be proposed. The accidental omission to give notice to, or the non-receipt of notice by, any of the Noteholders shall not invalidate the proceedings at any meeting.
3. The Noteholders present at the meeting shall choose one of their members to be chairman.
4. At any such meeting two or more persons or entities holding Notes and/or being proxies and being or representing in the aggregate the holders of not less than 50% of the aggregate outstanding principal amount of the Notes for the time being shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.
5. If within half an hour from the time appointed for any meeting of Noteholders a quorum is not present, the meeting will be dissolved.
6. The chairman may with the consent of (and will if directed by) any meeting adjourn the same from time to time and from place to place but no business will be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
7. Every question submitted to a meeting will be decided in the first instance by a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by the Company or by one or more persons holding one or more Notes or being proxies or representatives and holding or representing in the aggregate not less than 10% of the aggregate principal amount of the Notes for the time being outstanding. A declaration by the chairman in respect of a vote by a show of hands that a resolution has been carried or carried by a Majority Vote or lost or not carried by a Majority Vote will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
8. If at any meeting a poll is demanded in accordance with paragraph 7 of this Schedule, it will be taken in such manner and, either at once or after such an adjournment, as the chairman directs and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll will not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment will be taken at the meeting without adjournment.
9. At any meeting of Noteholders:
  - (a) on a show of hands every person who is present in person and produces a Note or is a proxy or a representative will have one vote; and

- (b) on a poll every person who is so present will have one vote in respect of each Note so produced or in respect of which he is a proxy or a representative. Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
10. In the case of an equality of votes, the chairman will, both on a show of hands and a poll, not have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a proxy.
  11. Minutes of all resolutions and proceedings at every meeting of Noteholders will be made and duly entered into books from time to time provided for the purpose by the Company and any such minutes, if signed by the chairman of the meeting, or the chairman of the next succeeding meeting, of Noteholders, will be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made and signed as aforesaid will be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
  12. Every question submitted to a meeting of Noteholders shall be decided by passing a Majority Vote.
  13. The Company (through its representatives) and the legal and financial advisers of the Company and the Noteholders shall be entitled to attend and speak at any meeting of the Noteholders. Save as aforesaid, no person or entity shall be entitled to attend, speak or vote at any meeting of the Noteholders or to join with others in requesting the convening of such a meeting unless he is a Noteholder or the duly authorised representative of a corporate Noteholder or a duly appointed proxy. The Company shall not be entitled to vote in respect of any Notes held by it or on its behalf nor shall the holding of any such Notes count towards a quorum.
  14. A proxy need not be a Noteholder. Every instrument of proxy shall be in such form as the Company may from time to time approve. To be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's principal place of business for the time being in Hong Kong at least 48 hours before the time approved for the holding of the meeting or adjourned meeting as the case may be provided that the Company may from time to time prescribe such additional or other regulations concerning the deposit of proxy forms as the directors of the Company think fit.
  15. The following powers shall be exercisable only, and in such manner as may be determined, by a Majority Vote:-
    - (a) power to sanction any compromise or arrangement proposed to be made between the Company and the Noteholders or any of them;
    - (b) power to sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Company whether such rights shall arise under this Condition or otherwise;
    - (c) power to sanction any proposal by the Company for the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Company or of any other body corporate formed or to be formed;
    - (d) power to assent to any modification of the Conditions and/or the conditions

which may be proposed by the Company;

- (e) power to authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any decision by a Majority Vote;
  - (f) power to discharge or exonerate any person or entity from any liability in respect of any act or omission for which such person or entity may have become responsible under the Notes or the Conditions;
  - (g) power to give any authority direction or sanction which under the Conditions is required to be given by a Majority Vote; and
  - (h) power to appoint any persons or entities (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretion which the Majority Noteholders could exercise by a Majority Vote.
16. The decision by a Majority Vote shall be binding upon all the Noteholders, whether present or not present at such meeting, and each of the Noteholders shall be bound to give effect thereto accordingly. The passing of a resolution by a Majority Vote shall be conclusive evidence that the circumstances of such resolution justified the passing thereof.
17. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes, if the same are signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Noteholders, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.

**SCHEDULE 4**

**List of Properties**

**List of Property leased by the Company in Hong Kong**

1. Unit 2012, 20/F., Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong

**SCHEDULE 5**

**Indemnity Deed**

**THIS INDEMNITY DEED**

is made on \_\_\_\_\_, 2009

**BY:**

- (1) **Mr. Li Wei Min**, holder of PRC Identity Card No. [\*] of [\*], Hong Kong (the "Vendor");

**IN FAVOUR OF:**

- (2) **Top Victory Industries Limited**, a private company incorporated in the British Virgin Islands with limited liability and whose registered office is at [\*] (the "Purchaser").
- (3) **CITIC Logistics (International) Company Limited**, a company incorporated in Hong Kong with limited liability and whose registered office is at Unit 2012, 20/F., Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong (the "Company").

**WITNESSES as follows:**

1. In this Deed:

"Accounts" has the meaning ascribed to it in clause 1.1 of the agreement for the sale and purchase of the shares in the Company dated \* September 2009 and made between, inter alia, the Vendor and the Purchaser ("Sale and Purchase Agreement");

"Accounts Date" means 31 December 2008;

"Tax" and "Taxation" has the meaning ascribed to it in the Sale and Purchase Agreement;

"liability for Taxation" means:

- (a) a liability of the Company to make an actual payment in respect of any taxation;
- (b) the loss of or failure to obtain:
- (i) any relief, allowance, credit or deduction in respect of any Taxation ("Tax relief"), or
  - (ii) any right to repayment of Taxation ("Tax repayment"), or
  - (iii) the setting off against any profits of the Company of any Tax relief, or



- (iv) the setting off against any liability for Taxation mentioned in (a) above of any Tax repayment,

being, in any such case, a Tax relief or Tax repayment which is reflected in the Accounts and which would have been available to the Company but for the loss, failure to obtain or setting off as aforesaid; and

- (c) any reference to income, profits or gains earned, accrued or received shall include income, profits or gains deemed to have been or treated as or regarded as earned, accrued or received; and
- (d) the setting off against profits attributable to any period ending on or before the Accounts Date of any Tax relief which arises in respect of any event occurring after the date hereof in circumstances in which, but for such setting off, a liability for Taxation mentioned in (a) above would have arisen in respect of which the Company would have been able to make a claim under this Deed.

Unless otherwise defined herein, defined terms used in this Deed shall have the same meaning used in the Sale and Purchase Agreement.

2. Subject to Clause 6 below, the Vendor covenants with the Purchaser and the Company that he will at all times indemnify the Purchaser and the Company (in its own capacity and for and on behalf of the Company) against :-

- (a) any liability for Taxation which has arisen or may arise wholly or partly in respect of or in consequence of any event occurring or any income, profits or gains earned, accrued or received by the Company on or before the date of this Deed and which has not been fully provided for in the Accounts, whether or not such taxation is chargeable against or attributable to any other person and against any costs, fees or expenses incurred in investigating, assessing or contesting that liability;
- (b) any claim for taxation arising on the death of any person under the Estate Duty Ordinance (Cap.111) at any time by reason of any transfer of any property to the Company made or deemed to have been made on or before Completion.

3. (a) Any payments made by or due from the Vendor by virtue of Clause 2 above shall be free and clear of all Taxation whatsoever save only for any deductions or withholdings required by law.

- (b) If any deductions or withholdings are required by law, or any payments made

by or due from the Vendor under this Deed are liable for Taxation (whether in the hands of the Purchaser or the Company or otherwise), the Vendor shall be liable under this sub-Clause to pay to the Purchaser and the Company to which the payments are made or due by virtue of Clause 2 above such further sums as will ensure that the aggregate of the sums paid or payable under this sub-Clause and Clause 2 above shall, after deducting therefrom all deductions or withholdings from or liabilities for taxation in respect of, such sums, leave the Purchaser and the Company with the same amount as it would have been entitled to receive under Clause 2 above in the absence of any such deductions, withholdings or liabilities for Taxation.

4. Any sums payable by virtue of Clause 2 or Clause 3(b) above shall become due on the day on which the relevant liabilities for Taxation become due.
5. The indemnity in Clause 2 above does not apply to a liability for Taxation:
  - (a) to the extent that provision or reserve has been made for it in the Accounts;
  - (b) if it has arisen in and relates to the ordinary course of business of the Company since the Accounts Date;
  - (c) to the extent that the liability arises as a result only of a provision or reserve in respect of the liability made in the Accounts being insufficient by reason of any increase in rates of Taxation announced after the date of completion of the Sale and Purchase Agreement with retrospective effect;
  - (d) to the extent that the liability arises as a result of legislation which comes into force after the date of completion of the Sale and Purchase Agreement and which is retrospective in effect;
  - (e) to the extent that the liability would not have arisen but for a voluntary act, omission or transaction after the date of completion of the Sale and Purchase Agreement on the part of the Company which could reasonably have been avoided or carried out and which was not in the ordinary course of business; and
  - (f) after the seventh anniversary of the date of this Deed except in respect of those Liabilities which have been the subject of a claim made under this Deed and of which notice containing particulars of the claim has been given by the Purchaser to the Vendor on or prior to such date.
6. Any liability of the Vendor to the Company under this Deed may, with the agreement of the Company (in its own capacity and for and on behalf of the Company) in whole or in

part be released, compounded or compromised by the Company (in its own capacity and for and on behalf of the Company), and time or other indulgence may be granted to the Vendor by the Company without in any way prejudicing or affecting any of its other rights powers or remedies against the Vendor under this Deed.

7. In the event of any claim being made against the Purchaser or the Company in respect of a liability for Taxation, the Purchaser or the Company will as soon as practicable give notice of the claim to the Vendor and will supply the Vendor with all information and particulars necessary to enable the Vendor at their own expenses and in the name of the Company to object to or contest the claim and (subject to the Company being indemnified to their respective satisfaction against all costs and disbursements of and in relation to any legal proceedings which may be instituted in respect of the claim) the Purchaser or the Company will not accept, pay or compromise any such claim without giving the Vendor an opportunity to resist it.
8. This Deed is binding on the Vendor and its successors and assigns (as the case may be).
9. The agreements, undertakings, obligations, representations, warranties and indemnities made, undertaken and given by the Vendor in this Deed are made, undertaken and given jointly and severally.
10. This Deed sets forth the entire agreement and understanding between the parties hereto or any of them in relation to the subject matter of this Deed and supersedes and cancels in all respects all previous agreements, letters of intent, correspondence, undertakings, agreements and undertakings (if any) between the parties hereto with respect to the subject matter hereof, whether such be written or oral.
12. No breach of any provision of this Deed shall be capable of being waived or discharged except with the express written consent of the Purchaser and the Company.
13. No failure or delay by the Purchaser or the Company in exercising any right, power or entitlement under this Deed shall operate as a waiver thereof nor shall any single or partial exercise by any of them of any right, power or entitlement preclude any further exercise thereof or the exercise of any other right, power or entitlement. The rights and remedies in this Deed are cumulative and not exclusive of any rights and remedies provided by law.
14. Time shall be of the essence as regards any date or period mentioned in this Deed, or any date or period substituted for the same by the agreement of the parties hereto or otherwise.
15. This Deed shall be governed by and construed in accordance with the laws of Hong

Kong. The Vendor irrevocably agrees to submit to the non-exclusive jurisdiction of the Courts of Hong Kong.

IN WITNESS whereof the Vendor have executed this Deed the day and year first above written.

SIGNED, SEALED and DELIVERED )  
by LI WEI MIN )  
in the presence of :- )

SIGNED by )  
duly authorised for and on behalf of )  
TOP VICTORY INDUSTRIES LIMITED )  
in the presence of :- )

SIGNED by )  
duly authorised for and on behalf of )  
CITIC LOGISTICS (INTERNATIONAL) )  
COMPANY LIMITED in the presence of :- )

SCHEDULE 6

Escrow Letter

## SCHEDULE 7

### Matters disclosed by the Purchaser/Sino-Tech

1. Declaration of interim dividend by Sino-Tech as referred to in the interim results announcement of Sino-Tech for the six months ended 30 June 2009.
2. Outstanding share options entitling the holders thereto to subscribe for 359,750,000 ST Shares.
3. Outstanding warrants of the Company entitling the holders thereof to subscribe for 759,499,900 ST Shares.
4. Litigation against Polycity Enterprise Ltd (“Polycity”), an indirect subsidiary of Sino-Tech, and Sino-Tech in respect of alleged negligence causing personal injury.
5. The Liabilities of Sino-Tech as disclosed in the interim results announcement of Sino-Tech for the six months ended 30 June 2009.

APPENDIX A  
Audited Accounts

APPENDIX B

Management Accounts