

Dated 15 November 2011

北京誠達順逸商貿有限公司
and
KAYUAN ENTERPRISE INVESTMENT CO., LTD.
as Vendors

AND

POLYWELL FINANCE CORPORATION
as Purchaser

**Second Supplemental Agreement to
Sale and Purchase Agreement dated 24 January 2011
(as amended by a supplemental agreement dated 23 August 2011)
in relation to the entire equity interest in
廣東暢流投資有限公司**

Messrs. Keith Lam Lau & Chan
Solicitors & Notaries,
5th - 7th Floors
The Chinese Club Building,
21-22 Connaught Road Central,
Central, Hong Kong
Ref: 6168/10/MC

THIS SUPPLEMENTAL AGREEMENT is made on the 15th day of November 2011

BETWEEN:-

- (1) 北京誠達順逸商貿有限公司 (“**Beijing Chengda**”), a company incorporated with limited liability in the People’s Republic of China having its registered office at 北京市东城区东直门外大街 46 号天恒大厦 2606 室; **KAYUAN ENTERPRISE INVESTMENT CO., LTD.** (“**KEI**”), a company incorporated with limited liability in the Marshall Islands having its registered office situated at P.O.Box 1405 Majuro Marshall Islands (collectively, the “**Vendors**” and “**Vendor**” means any one of them); and
- (2) **POLYWELL FINANCE CORPORATION**, a company incorporated with limited liability in the British Virgin Islands having its registered office at Trident Chambers, P.O.Box 146, Road Town, Tortola, British Virgin Islands (the “**Purchaser**”).

(The Vendors and the Purchaser shall collectively be referred to as “**Parties**” and “**Party**” means any one of them.)

WHEREAS:-

- (A) On 24 January 2011, an agreement for the acquisition of the entire equity interest in Guangdong Changliu was entered into between the Parties, which was amended pursuant to a supplemental agreement made between the Parties on 23 August 2011 (collectively, the “**S&P Agreement**”).
- (B) The Parties intend to amend certain terms of the S&P Agreement.

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

In this Supplemental Agreement (including the recitals), unless the context otherwise requires, terms defined in the S&P Agreement shall have the same meanings when used herein.

2. AMENDMENTS TO S&P AGREEMENT

2.1 With effect from the date hereof, the S&P Agreement shall be amended as follows:

- (i) the definition of “**BVI Holding**” in Clause 1.1 of the S&P Agreement shall be deleted and substituted by the following:

“**Marshall Holding**” the company to be incorporated with limited liability in the Marshall Islands (and its entire issued share capital will be owned by Beijing Chengda) which will, upon completion of the Reorganization,

directly own 100% of the issued share capital in HK Holding;

- (ii) all references to “BVI Holding” in the S&P Agreement shall be deemed to be references to “Marshall Holding”;
- (iii) the definition of “Entire Issued Share Capital of BVI Holding” in Clause 1.1 of the S&P Agreement shall be deleted and substituted by the following:

“Entire Issued Share Capital of Marshall Holding” all the issued share(s) in the share capital of Marshall Holding legally and beneficially owned by Beijing Chengda, representing the entire issued share capital of Marshall Holding as at the Completion Date as more particularly described in Schedule 1 Part I;

- (iv) all references to “Entire Issued Share Capital of BVI Holding” in the S&P Agreement shall be deemed to be references to “Entire Issued Share Capital of Marshall Holding”;
- (v) the following new Clauses 2.1(k) and (l) be inserted immediately after Clause 2.1(j) of the S&P Agreement and the full stop in Clause 2.1(j) be changed to “; and”:

“(k) the proposed consolidation of every four issued and unissued ordinary shares of HK\$0.001 each of New City into one consolidated share of HK\$0.004 becoming effective; and

(l) the proposed increase in the authorised share capital of New City to HK\$40,000,000 divided into 10,000,000,000 consolidated shares of HK\$0.004 each becoming effective.”

- (vi) the existing Clause 2.2 of the S&P Agreement shall be deleted and substituted by the following new Clause 2.2:

“2.2 The Vendors shall use their best endeavours to procure the fulfillment of the conditions set out in Clause 2.1 on or before the Long Stop Date.”

- (vii) the existing Clause 4.1(iv) of the S&P Agreement shall be deleted and substituted by the following new Clause 4.1(iv):

“(iv) as to RMB124,640,000 (equivalent to the amount of the New Loan of RMB160,000,000 less the amount of the BOC Loan together with all interest accrued thereon of RMB35,360,000 as at 30 September 2010), by the Purchaser procuring Guangdong Changliu to pay the remaining proceeds of the New Loan (after full repayment of the BOC Loan) in cash to Beijing Chengda (or person(s) nominated by Beijing Chengda) on or before Completion. At Completion, the Purchaser, Guangdong

Changliu and Beijing Chengda will enter into an agreement whereby the aforesaid sum of RMB124,640,000 repayable by Beijing Chengda to Guangdong Changliu will be set-off against the sum of RMB124,640,000 payable by the Purchaser to Beijing Chengda; and”

- (viii) Clause 4.1(v) of the S&P Agreement shall be deleted and substituted by the following new Clause 4.1(v):

“(v) as to RMB75,056,000 (being an amount equivalent to the total amount of the Guangdong Changliu Receivables as at 30 September 2010), by the Purchaser procuring Guangdong Changliu to deliver a deed of assignment of receivables duly executed by Guangdong Changliu in favour of Beijing Chengda (or person(s) nominated by Beijing Chengda) or to carry out any other legally effective methods as may be agreed between Guangdong Changliu and Beijing Chengda for assigning the Guangdong Changliu Receivables (to the extent in the amount equivalent to RMB75,056,000) to Beijing Chengda (or person(s) nominated by Beijing Chengda) on or before Completion at nil consideration. Provided that, if the total amount of the Guangdong Changliu Receivables as at the date of Completion is less than RMB75,056,000, the Purchaser shall procure Guangdong Changliu to pay an amount in cash equivalent to such shortfall to Beijing Chengda (or person(s) nominated by Beijing Chengda). At Completion, the Purchaser, Guangdong Changliu and Beijing Chengda will enter into an agreement whereby the aforesaid sum of RMB75,056,000 repayable by Beijing Chengda to Guangdong Changliu will be set-off against the sum of RMB75,056,000 payable by the Purchaser to Beijing Chengda.”

- (ix) Clause 5.1(ii) of the S&P Agreement shall be deleted and substituted by the following new Clause 5.1(ii):

“(ii) arrange for financier(s) to provide loan(s) to Guangdong Changliu in the aggregate principal amount of RMB160,000,000 (with a term of not less than two years and an interest (including any administrative fee related thereto) of not exceeding 130% of the benchmark annual lending and deposit rate of the People’s Bank of China from time to time), provided that if the aforesaid loan(s) provided by such financier(s) is/are of a term of less than two years, then Beijing Chengda itself shall provide such loan(s) to Guangdong Changliu so that Guangdong Changliu will have obtained loan(s) in the aggregate principal sum of RMB160,000,000 in total and with a term of not less than two years and at an interest rate of not exceeding 130% of the benchmark annual lending and deposit rate of the People’s Bank of China from time to time; and”

- (x) Clause 6.2(a)(x) of the S&P Agreement shall be deleted and substituted by the following new Clause 6.2(a)(x):

“(x) the agreements between the Purchaser, Guangdong Changliu and Beijing Chengda referred to in Clauses 4.1(iv) and (v) duly executed by the Beijing Chengda and Guangdong Changliu; and”

(xi) the following new Clause 6.2(a)(xii) be inserted immediately after Clause 6.2(a)(xi) of the S&P Agreement and the full stop in Clause 6.2(a)(xi) be changed to “; and”:

“(xii) a deed of waiver of loan duly executed by Beijing Chengda in favour of Marshall Holding to the effect that Beijing Chengda shall absolutely waive all shareholder’s loan (including but not limited to the loan in the amount of RMB35,213,000) owing by Marshall Holding to Beijing Chengda as at the Completion Date.”

2.2 Save and except expressly amended pursuant to this Supplemental Agreement, all other terms and conditions of the S&P Agreement shall continue to be in full force and effect.

3. COUNTERPARTS

This Supplemental Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Supplemental Agreement.


4. GOVERNING LAW

This Supplemental Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong and the parties hereto agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.

[Intentionally leave blank.]

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Agreement on the day and year first above written.

SIGNED by)
鍾慧英, legal representative (法定代表人))
for and on behalf of)
北京誠達順逸商貿有限公司)
and affixed its seal (公章))
in the presence of:-)



SIGNED by)
for and on behalf of)
Kayuan Enterprise Investment Co., Ltd.)
in the presence of:-)

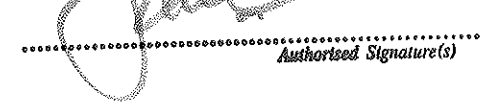
For and on behalf of
Kayuan Enterprise Investment Co., Ltd.



Authorized Signature(s)

SIGNED by)
for and on behalf of)
Polywell Finance Corporation)
in the presence of:-)

For and on behalf of
POLYWELL FINANCE CORPORATION



Authorized Signature(s)