

Dated 15 November 2011

HAN JUNRAN
(韓軍然)

AND

JUNYI INVESTMENTS LIMITED

AND

NEW CITY (CHINA) DEVELOPMENT LIMITED

SUBSCRIPTION AGREEMENT

Messrs. Keith Lam Lau & Chan
Solicitors & Notaries,
5th - 7th Floors
The Chinese Club Building,
21-22 Connaught Road Central,
Central, Hong Kong
Ref: 6478/10/MC

CONTENTS

<u>Clause</u>	<u>Heading</u>	<u>Page</u>
1.	Subscription of Consolidated Shares and Consideration	2
2.	Conditions Precedent.....	2
3.	Completion	3
4.	Warranties and Representations.....	4
5.	Further Confirmation and Undertakings.....	5
6.	Severability	5
7.	Entire Agreement.....	5
8.	Time	6
9.	Confidentiality	6
10.	Non-Assignability	7
11.	Notices and Other Communication	7
12.	Costs and Expenses	7
13.	Further Assurance	8
14.	Governing Law	8
Execution Page.....		9

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

BETWEEN:-

- (1) **HAN JUNRAN (韓軍然)** (Holder of Hong Kong Identity Card No. R260215(5)) of 11/F, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong ("**Mr. Han**");
- (2) **JUNYI INVESTMENTS LIMITED**, a 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 ("**Subscriber**"); and
- (3) **NEW CITY (CHINA) DEVELOPMENT LIMITED**, a company incorporated with limited liability in Cayman Islands having its registered office at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands ("**Company**").

(Mr. Han, the Subscriber and the Company shall collectively be referred to as "**Parties**" and "**Party**" means any one of them.)

WHEREAS:-

- (A) The Company is a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The trading of the shares of the Company had been suspended since 30 December 2003.
- (B) The entire issued share capital of the Subscriber is wholly-owned by Mr. Han.
- (C) Pursuant to a loan facility agreement for HK\$30,000,000 dated 12th January 2011 ("**Loan Agreement**") entered into between the Company as borrower and Mr. Han as lender, Mr. Han agreed to make available to the Company a loan facility of HK\$30,000,000 (Thirty Million Hong Kong Dollars) ("**Facility**") and the Company agreed to repay all the outstanding loans drawn under the Facility ("**Outstanding Sum**") without interest forthwith on demand by Mr. Han.
- (D) For the resumption of trading of the shares of the Company on the Stock Exchange, the Company intends to undergo certain reorganizations of its shareholding and capital structure, including share consolidation and open offer ("**Restructuring Proposal**") as set out in the resumption proposal submitted by Veda Capital Limited and President Securities (Hong Kong) Limited, being joint financial advisers to the Company, to the Stock Exchange on 8 September 2011.
- (E) As part of the Restructuring Proposal, it is proposed that every four issued and unissued ordinary share(s) of HK\$0.001 each in the share capital of the Company will be consolidated ("**Share Consolidation**") into one consolidated share of HK\$0.004 ("**Consolidated Share**").

- (F) Mr. Han and the Subscriber have been, prior to the date of this Agreement, provided with all of the relevant information and documentations for the purpose of conducting due diligence exercises on the financial, business and legal affairs of the Company and is satisfied with the results of the due diligence exercises before the signing of this Agreement.
- (G) As part of the Restructuring Proposal, the Subscriber agrees to subscribe for 1,112,500,000 Consolidated Shares on the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:-

1. SUBSCRIPTION OF CONSOLIDATED SHARES AND CONSIDERATION

- 1.1 Subject to the terms and conditions of this Agreement, the Subscriber hereby agrees to subscribe for ("**Subscription**"), and the Company agrees to allot and issue to the Subscriber, 1,112,500,000 Consolidated Shares ("**Subscription Shares**") at the subscription price of HK\$0.12 per Consolidated Share.
- 1.2 The aggregate consideration for the Subscription in the amount of HK\$133,500,000 ("**Subscription Consideration**") shall be satisfied:
- (a) as to the sum of money equivalent to all the then outstanding principal amount together with interest accrued thereon as at the Completion Date of the convertible bond issued in the principal amount of HK\$63,248,596 by the Company to Mr. Han on 10 August 2009 (the "**2009 CB**"), by setting off against all such outstanding principal amount together with interest accrued thereon of the 2009 CB as at the Completion Date;
 - (b) as to the sum of money equivalent to the amount of Outstanding Sum as at the date of Completion ("**Completion Date**"), by setting off against such Outstanding Sum; and
 - (c) as to the balance of the Subscription Consideration, by cash payable by the Subscriber to the Company.
- 1.3 The Subscription Shares will be issued and allotted as fully paid up and each ranking pari passu in all respects with all the Consolidated Shares in issue at Completion.

2. CONDITIONS PRECEDENT

- 2.1 Completion of the Subscription ("**Completion**") shall take place at the office of the Company at 11/F, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong (or such other place as may be agreed between the Parties) as soon as practicable on the date to be agreed between the Parties but which shall in any event be within 3 months from the date of fulfillment (or waiver) of the following conditions:-
- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;

- (b) the passing of a resolution by the independent shareholders of the Company to approve the allotment, issue and dealing with the Subscription Shares and the transactions contemplated under this Agreement at an extraordinary general meeting of the Company;
 - (c) the approval by the Stock Exchange in principle (subject to any conditions as may be imposed by the Stock Exchange) for the resumption of trading in the shares or the Consolidated Shares of the Company on the Stock Exchange;
 - (d) the Share Consolidation having become effective;
 - (e) the increase in the authorised capital of the Company to HK\$40,000,000 divided into 10,000,000,000 Consolidated Shares having become effective; and
 - (f) the obtaining of the waiver from the executive director of the corporate finance division of the Securities and Futures Commission (or any of his delegates) in respect of the obligation of the Subscriber (and its concert parties) to make a mandatory general offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers for all the issued securities of the Company not held by it (or them), which may otherwise arise as a result of the Subscription and its underwriting obligation in the open offer to be conducted by the Company as part of the Restructuring Proposal.
- 2.2 In the event that any of the conditions specified in Clause 2.1 have not been fulfilled on or before 31 December 2012 (or such later date as the Parties may mutually agree), this Agreement shall lapse and no Party shall have any other claim against the other Parties except in respect of any antecedent breach and the costs and expenses which shall be borne by the Parties.
- 2.3 Each of the Parties hereto hereby undertakes to the other Parties that it will use its best endeavours to fulfill the conditions set out in Clause 2.1.

3 COMPLETION

- 3.1 Upon Completion, the Subscriber will deliver to the Company:-
- (a) duly signed unconditional application in writing for the Subscription Shares in the form and substance agreed by the Company;
 - (b) a written receipt in the form and substance agreed by the Company issued by Mr. Han acknowledging that all the Outstanding Sum has been duly repaid and satisfied by the Company's issue and allotment of the Subscription Shares to the Subscriber;
 - (c) a written confirmation to the Company duly signed by Mr. Han acknowledging that all the 2009 CB has been duly redeemed by the Company by its issue and allotment of the Subscription Shares to the Subscriber; and

- (d) a cheque or cashier's order made in favour of the Company or by way of any other payment methods as may be agreed between the Parties for paying the cash balance of the Subscription Consideration to the Company.
- 3.2 Subject to the receipt of the documents set out in Clause 3.1 above, the Company will upon Completion:-
- (a) issue and allot to the Subscriber the Subscription Shares;
 - (b) procure that the name of the Subscriber is thereupon entered into its register of members as shareholder(s) of the Subscription Shares; and
 - (c) deliver to the Subscriber the share certificates in respect of the Subscription Shares.

4 WARRANTIES AND REPRESENTATIONS

- 4.1 The Company hereby warrants and represents to the Subscriber that each of the following matters are as at the date hereof and will be for all times up to and including the Completion Date, true and accurate in all respect:-
- (a) the facts, statement and information stated in the Recitals and the Schedule to this Agreement; and
 - (b) save as set out in Clause 2.1 above, the Company is fully capable of entering into this Agreement and to perform all obligations and duties hereunder without the consent, approval, permission, license or concurrence of any third party.
- 4.2 Each of the Subscriber and Mr. Han hereby warrants and represents to the Company that each of the following matters are as at the date hereof and will be for all times up to and including the Completion Date, true and accurate in all respects:-
- (a) each of the Subscriber and Mr. Han is fully capable of entering into this Agreement and to perform all obligations and duties hereunder without the consent, approval, permission, license or concurrence of any third party;
 - (b) each of the Subscriber and Mr. Han is as at the date of this Agreement and will as at the Completion able to pay its debts as they fall due and has not commenced negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors;
 - (c) no action or other step is or had been taken or will be taken before the date of this Agreement or the Completion by the Subscriber or Mr. Han or legal proceeding(s) are started or is/are anticipated to be started for its winding up, bankruptcy or for the appointment of a receiver or similar officer of it; and
 - (d) Mr. Han is the legal and beneficial owner of the benefit, interest and title of the 2009 CB and he has not exercised any of the conversion rights attaching to the 2009 CB. Mr. Han has not transferred or encumbered (or agreed to the

transfer or encumber) any of his benefit, interest or tile in the 2009 CB or the Outstanding Sum.

- 4.3 Prior to the Completion Date, if any of the warranties, representations or undertakings in this Agreement of a Party hereto are found to be materially untrue, inaccurate or misleading or have not been fully carried out in any material respect, or in the event of the either Party becoming unable or failing to do anything required under this Agreement to be done be it at or before the Completion, the other Party may by notice in writing rescind this Agreement but without prejudice to any claim the non-defaulting Party may have against defaulting Party hereunder.

5 FURTHER CONFIRMATION AND UNDERTAKINGS

- 5.1 Each of the Subscriber and Mr. Han hereby irrevocably confirms and undertakes that upon receipt of the share certificates of the Subscription Shares pursuant to Clause 3.2:-
- (a) all of the interests, rights, benefit of Mr. Han under the Loan Agreement shall be terminated and ceased with no further effect. Mr. Han shall have no right and shall not take any action or claim against the Company or any other Party arising out of or in relation to the Loan Agreement which will be null and of no further effect; and
 - (b) Mr. Han will not have any claim or other rights whatsoever in respect of the Outstanding Sum or any part or part(s) thereof against the Company or any other Party in relation thereto.
- 5.2 The Subscriber irrevocably undertakes that it shall provide all necessary information relating to itself, its holding company and its ultimate beneficial shareholders as may be required to be provide to the Stock Exchange, the Securities and Futures Commission (“SFC”) or other regulatory authority and shall sign and execute all necessary undertakings and documents as may be required by the applicable rules and regulations, the Stock Exchange, the SFC or other regulatory authority in relation to the transactions contemplated under this Agreement.

6 SEVERABILITY

- 6.1 If an any time any one or more provisions hereof is or become invalid, illegal, unenforceable or incapable of performance in any respect, the validity, legality, enforceability or performance of the remaining provisions hereof shall not thereby in any way be affected or impaired.

7 ENTIRE AGREEMENT

- 7.1 This Agreement constitutes the entire agreement and understanding between the Parties in connection with the subject-matter of this Agreement and supersedes all previous proposals, representations, warranties, agreements or undertakings relating

thereto whether oral, written or otherwise and neither Party has relied on any such proposals, representations, warranties, agreements or undertakings.

8 TIME

- 8.1 Time shall be of the essence of this Agreement.
- 8.2 No time or indulgence given by any Party to the other shall be deemed or in any way be construed as a waiver of any of its rights and remedies hereunder.

9 CONFIDENTIALITY

9.1 Confidential Information

Each Party shall, at all times, maintain strict confidence in respect of all information in relation to this Agreement and the Company, and shall not, subject to Clause 9.2, divulge any information in connection with this Agreement to any third party, except with the prior written consent of the other Party.

9.2 Exemptions

The provision of Clause 9.1 shall not apply to:-

- (a) to information as is or may become public property otherwise than in breach of the provision of Clause 9.1;
- (b) to information that is required to be disclosed by the Company to its professional advisers under a duty of confidentiality or other professional parties involved in the preparation of the Restructuring Proposal or other relevant regulatory authorities or such disclosure as the Company or its legal advisers in the sole and absolute opinion considers necessary to facilitate the Restructuring Proposal)
- (c) to information that is required to be disclosed by any Party by law or by the requirements of any regulatory body applicable to such Party.

9.3 Precautions

Each of the Parties will take such steps as lie within its power to procure that all of its Representatives to whom confidential information is disclosed will take all proper precautions to prevent any unauthorized disclosure of such confidential information.

9.4 Survival

This Clause 9 shall survive the completion and/or the termination of this Agreement.

10 NON-ASSIGNABILITY

- 10.1 This Agreement shall be binding on and shall enure for the benefit of the successors and assigns of the Parties but shall not be assigned by any Party without the prior written consent of the other Party.

11 NOTICES AND OTHER COMMUNICATION

- 11.1 Any notice or other communication to be given under this Agreement shall be in writing and may be delivered by hand or given by post or facsimile to the respective addresses of the Parties set out in this Agreement. 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 this Agreement. If so delivered by hand or given by facsimile such notice or communication shall be deemed received on the date of despatch (provided that confirmation of despatch is produced) and if so sent by post shall be deemed to be received on the second (2nd) business day after the date of despatch.
- 11.2 For the purposes of Clause 11.1 above, the initial address and facsimile number of each Party are:-

HAN JUNRAN (韓軍然):-

Address: 11/F, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong

Facsimile number: (852) 2527 3222

JUNYI INVESTMENTS LIMITED:-

Address: 11/F, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong

Facsimile number: (852) 2527 3222

NEW CITY (CHINA) DEVELOPMENT LIMITED:-

Address: 11/F, Effectual Building, 16 Hennessy Road, Wanchai, Hong Kong

Facsimile number: (852) 2527 3222

For the attention of: Mr. Paul Fu

12 COSTS AND EXPENSES

- 12.1 Each Party shall bear its own legal and professional fees, costs and expenses incurred in the negotiation, preparation and execution of this Agreement.

13 FURTHER ASSURANCE

- 13.1 Upon the reasonable request of a Party to this Agreement, the other Parties agree to take any and all necessary actions, including but not limited to the execution of further documents or provide further assurance and/or undertaking (whether in pursuance to the request(s) from the regulatory body(ies) or otherwise) for the purpose of giving effect to the terms and conditions set forth and the transactions contemplated under the Restructuring Proposal.

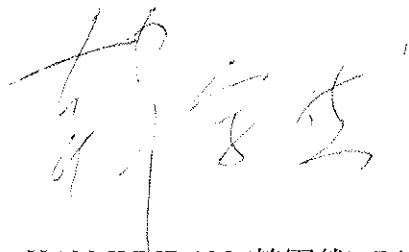
14 GOVERNING LAW

- 14.1 This 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.

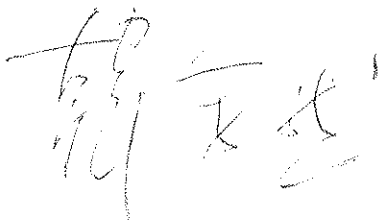
[Intentionally leave blank]

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

SIGNED by HAN JUNRAN (韓軍然))
in the presence of:-)

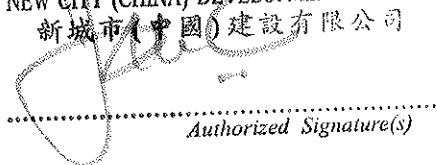


SIGNED by HAN JUNRAN (韓軍然), Director)
for and on behalf of)
JUNYI INVESTMENTS LIMITED)
in the presence of:-)



SIGNED by _____, Director)
for and on behalf of)
NEW CITY (CHINA) DEVELOPMENT LIMITED)
in the presence of:-)

For and on behalf of
NEW CITY (CHINA) DEVELOPMENT LIMITED
新城市(中國)建設有限公司



.....
Authorized Signature(s)