

THIS AGREEMENT dated 31 October 2014 is made

BETWEEN:-

- (1) **SURPLUS BASIC LIMITED**, a company incorporated in the British Virgin Islands whose registered address is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands (“Purchaser”); and
- (2) **ACCURATE WIN LIMITED 準勝有限公司**, a company incorporated in the British Virgin Islands whose registered address is at CCS Trustee Limited, 263 Main Street, Road Town, Tortola, British Virgin Islands (“Vendor”); and
- (3) **CHENG, Teng Man Andy 鄭登曼** (holder of Hong Kong identity card number G276940(8)), of Flat 6801, 68/F., The Centre, 99 Queen’s Road Central, Hong Kong. (“Guarantor”).

WHEREAS:-

- (A) The Company is a company incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, 50,000 shares of which have been issued and are fully paid up and are legally and beneficially owned by the Vendor.
- (B) The Vendor is wholly-owned by the Guarantor.
- (C) As at the date of this Agreement, the PRC Owner owns the PRC Sub A, which in turn wholly-owns the PRC Sub B that operate the Jinchuan Project I and Jinchuan Project II. The PRC Owner has entered into the LOI in respect of the sale and purchase of the entire equity interest in PRC Sub A by the PRC Owner (as seller) to the WFOE which is wholly-owned by the Company.
- (D) The Vendor has advanced and will advance certain Shareholder’s Loans to the Company which will remain outstanding as at Completion.
- (E) The Vendor has agreed to sell and the Purchaser has agreed to purchase, or procure the purchase of, the Sale Shares and the Shareholder’s Loans, subject to and upon the terms set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:-

1. INTERPRETATION

1.1 In this Agreement and the recitals hereto, unless the context otherwise requires:

“Accounts”	means (i) in respect of PRC Sub B, the audited financial statements for the period from its incorporation up to the Accounts Date, and the unaudited balance sheet as at 31 August 2014 and unaudited profit and loss account from 1 January
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2014 to 31 August 2014, (ii) in respect of PRC Sub A, the WFOE and the Company, the unaudited balance sheet as at 31 August 2014 and unaudited profit and loss account from its respective incorporation to 31 August 2014, copies of which are attached to this Agreement as Appendix A;

- “Accounts Date” means 31 December 2013;
- “Borrowings” means any of (a) all indebtedness for borrowed money; (b) all obligations evidenced by bonds, notes, debentures, loan stock or other similar instruments; (c) all obligations in respect of letters of credit, bank acceptance facilities (and other similar instruments) and bills payable (and other similar instruments); (d) all indebtedness of other persons secured by a Security on any assets of any member of the Group; (e) all indebtedness of another person guaranteed by any member of the Group (to the extent such indebtedness is so guaranteed); and (f) any amount raised under any other transaction having the commercial effect of a borrowing (provided that the items in paragraphs (a) to (f) above will not be counted twice for the same liability for the purposes of calculating the amount of Borrowing);
- “Business” means the construction, operation and ownership of the Jinchuan Project I and Jinchuan Project II through PRC Sub A and PRC Sub B;
- “Business Day” means any day (other than a Saturday, a Sunday or a public holiday or a day 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 for general banking business in Hong Kong;
- “BVI” means the British Virgin Islands;
- “Company” means Incentive Power Limited, the particulars of which are set out in Part A of Schedule 1;
- “Completion” means the completion of this Agreement in accordance with Clause 4;
- “Completion Accounts” means the balance sheets of the Group on a consolidated basis (in respect of the Company, which, for the avoidance of doubt, shall

	incorporate the financial information of PRC Sub A and PRC Sub B) and a single company basis (in respect of each member of the Group) as of the date of the Completion in accordance with Clause 2.5;
“Completion Date”	means the date fixed for completion pursuant to Clause 4.1 or, where the context so admits or requires, the performance by the parties hereto of their respective obligations under Clause 4;
“Conditions Precedent”	means the conditions precedent set out in Clause 3.1;
“Consideration”	means the consideration payable for the Sale Shares and the Shareholder’s Loans in accordance with Clause 2.2;
“Consideration Shares”	means up to 88,495,575 new Listco Shares that are issued or required to be issued pursuant to Clause 2.3(a);
“Covenantors”	means the Vendor and the Guarantor;
“Deed of Indemnity”	means the deed of indemnity in the form substantially set out in Schedule 7;
“Deposit”	has the meaning ascribed to it under Clause 2.4(a);
“Encumbrance”	means lien, right of retention, charge, security interest and any other right, of third parties (whether or not ejusdem generis with any of the foregoing) but does not include any of the foregoing arising in the ordinary course of business without default;
“Environmental Laws”	means all applicable statutes, subordinate legislation, common law and other national, federal, state and local laws which relate to environmental matters which have as a purpose or effect the protection of the environment (which shall for the avoidance of doubt include the following media, namely, the air, water and land and the medium of air, including without limitation, the air within buildings and the air within other natural or man-made structures above or below ground);
“Gansu Electric Company”	means 甘肃省电力公司;

“Grid Connection Agreement”	means 并网调度协议 dated 9 April 2013, entered into between PRC Sub B and Gansu Electric Company;
“Group”	means the Company and its Subsidiaries, and for the purpose of this Agreement, include PRC Sub A and PRC Sub B and “member of the Group” shall be construed accordingly;
“HKAS”	means Hong Kong Accounting Standards published by the Hong Kong Institute of Certified Public Accountants;
“HKFRS”	means Hong Kong Financial Reporting Standards and HKAS published by the Hong Kong Institute of Certified Public Accountants;
“HK\$” and “cents”	means Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Intellectual Property”	means the following rights arising or used in connection with the Business: <ul style="list-style-type: none"> <li>(i) all patents, registered designs, design rights, trademarks, service marks, copyrights, internet domain names of any level, rights in circuit layouts, topography rights, trade and business names, including the benefit of all registrations of and applications to register and rights to apply for registration of any of the aforesaid items, and all rights in the nature of any of the aforesaid items, anywhere in the world;</li> <li>(ii) rights in the nature of unfair competition rights and rights to sue for passing off;</li> <li>(iii) all trade secret, confidentiality and other proprietary rights, including all rights to know-how and other technical information;</li> <li>(iv) the benefit of all licences and permissions granted to or enjoyed by any member of the Group with respect to the foregoing;</li> </ul>
“IT Systems”	means the information and communications technologies used by the Group including

	hardware, proprietary and third party software, services, networks, peripherals and associated documentation;
“Issue Price”	means HK\$1.13 per Consideration Share;
“Jinchuan Project I”	means the 50MW photovoltaic power generation and grid connection project in Jinchang, Ganxu Province the PRC;
“Jinchuan Project II”	means the 50MW photovoltaic power generation and grid connection project in Jinchang, Ganxu Province the PRC;
“Key Operating Agreements”	means the Grid Connection Agreements and the Power Supply Agreements;
“Leased Properties”	means the properties leased by the Group, brief particulars of which are set out in Part A of Schedule 5;
“Loan Agreements”	means the loan agreements as set out in Schedule 4;
“Loan Note”	means the loan note with a term of three (3) years that may be issued by the Purchaser in favour of the Vendor pursuant to Clause 2.3(b), substantially in the form set out in Schedule 8;
“LOI”	means the letter of intent dated 31 October 2014 in relation the sale and purchase of the entire equity interest in PRC Sub A by the PRC Owner (as seller) to WFOE, a certified true copy of which has been provided by the Vendor to the Purchaser immediately prior to the signing of this Agreement;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Listco”	means Rising Development Holdings Limited (HKSE Stock Code : 1004);
“Listco Shares”	means shares of HK\$0.01 each in the share capital of the Listco;
“Long Stop Date”	means 30 April 2015 or such other date as the Vendor and the Purchaser may agree in writing;

“Material Adverse Change”	means any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse change on: <ul style="list-style-type: none"> <li>(a) the ability of any of the Covenantors to perform its/his obligations under this Agreement or any other documents entered into pursuant to or in relation to this Agreement; or</li> <li>(b) the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Group as a whole;</li> </ul>
“Project Properties”	the lands on which Jinchuan Project I and Jinchuan]Project II is located and on which the electric cables run power stations/factories owned by the Group are located, brief particulars of which are set out in Part B of Schedule 5;
“PRC”	means the People's Republic of China;
“PRC Legal Counsel”	means a PRC law firm as may be agreed between the Purchaser and the Vendor in respect of PRC laws;
“PRC Owner”	means 上海谷欣投资有限公司, a company incorporated under the laws of the PRC with limited liability and owner of equity interest in PRC Sub A as at the date of this Agreement;
“PRC Sub A”	means 上海储阳光伏电力有限公司, further particulars of which are set out in item 2 of Part B of Schedule 1;
“PRC Sub B”	means 金昌国源电力有限公司, further particulars of which are set out in item 3 of Part B of Schedule 1;
“Power Supply Agreement”	means 购售电合同 dated 9 April 2013, entered into between PRC Sub B and Gansu Electric Company in relation to the supply of electricity;
“Properties”	means the Leased Properties and Project Properties, and “Property” means any of such properties;

“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale Shares”	means the entire issued share capital of the Company;
“Shares”	means ordinary shares of US\$1.00 each in the share capital of the Company;
“Shareholder’s Loans”	means the total amount outstanding and owing as at Completion by the Company to the Vendor;
“Shareholder’s Loan Assignment”	means the deed of assignment of the Shareholder’s Loans substantially in the form set out in Schedule 6;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary”	means, in respect of any company, a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules) of that company;
“Target Consolidated Liability”	the amount of the total consolidated liabilities of the Company at the Completion Date, as set out in the Completion Account;
“Tax(es)”	includes all forms of tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority and includes any interest, additional tax, penalty or other charge payable or claimed in respect thereof (including without limitations to withholding and such other taxes);
“Tax Circular 698”	means the notice issued by the PRC State Administration of Taxation titled “Strengthening of Administration of Corporate Income Tax Liability on Income of Non-Resident Enterprises from Transfer of Equity Interests”, 国税函[2009] No.698, as may be amended or supplemented and including any similar or replacement law on the tax treatment of offshore indirect transfer of companies established in the PRC or real estate located in the PRC, including but not limited to

any applicable law in the PRC against the avoidance of PRC Tax;

“Trust Loan” means the trust loan made by 安信信托股份有限公司 in favour of PRC Sub A, further particulars of which are set out in Part B Schedule 4 to this Agreement;

“Vendor Warranties” means the representations, warranties and undertakings on the part of the Vendor given pursuant to Clause 6 and contained in Schedule 2 and “Vendor Warranty” means any one of them; and

“WFOE” means 令信(上海)光伏电力有限公司, further particulars of which are set out in item 1 of Part B of Schedule 1.

1.2 The expressions “Company”, “Vendor” and “Purchaser” shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.

1.3 In this Agreement, unless the context requires otherwise, references to statutory provisions shall be construed as references to those provisions as replaced, amended, modified or re-enacted from time to time; terms importing the singular number only include the plural and vice versa and terms importing persons include firms and corporations and terms importing genders or the neuter only include both genders and the neuter; references to this Agreement shall be construed as references to such document as the same may be amended or supplemented from time to time; unless otherwise stated, references to “Clauses” and “Schedules” are to clauses of and Schedules to this Agreement. Clause headings and the table of contents are inserted for reference only and shall be ignored in construing this Agreement.

1.4 The liabilities and obligations of the Covenantors under this Agreement are joint and several (unless the context otherwise) and the Vendor Warranties are given by them jointly and severally.

1.5 Any reference in this Agreement to any matter being “to the satisfaction of the Purchaser” or any matter requiring the consent or approval of the Purchaser, shall be construed to mean that the Purchaser may make such determination as it may in its sole discretion see fit, on the basis that the transactions under this Agreement is structured for the acquisition of the Group on the basis that other than under the Loan Agreements and trade payables arising in the ordinary and usual course of business of each member of the Group, each of the members of the Group will be free of liabilities (whether or not such liabilities on or off balance sheet) and Encumbrances.

## 2. SALE AND PURCHASE

2.1 Subject to fulfilment of the Conditions Precedent and the terms and conditions of this



Agreement,

- (a) the Vendor shall, as legal and beneficial owner, sell to the Purchaser and the Purchaser shall purchase or procure its nominee to purchase from the Vendor the Sale Shares free from all claims, charges, liens, Encumbrances, options, rights of pre-emption, defects, adverse interests and equities of any kind whatsoever but together with all rights attached, accrued or accruing thereto as at the Completion Date and together with all dividends and distributions declared made or paid or agreed to be made or paid thereon or in respect thereof on or after the Completion Date; and
- (b) the Vendor shall, as legal and beneficial owner, sell and assign to the Purchaser and the Purchaser shall purchase and take an assignment from the Vendor of the Shareholder's Loans free from all claims, charges, liens, Encumbrances, options, rights of pre-emption, defects, adverse interests and equities of any kind whatsoever on or after Completion.

2.2 The aggregate Consideration for the sale of the Sale Shares and the Shareholder's Loans shall be HK\$500 million, and shall be reduced on a dollar for dollar basis by (i) the amount of which Target Consolidated Liability exceeds RMB650 million and (ii) the amount of which the aggregate consolidated Borrowing of the Group as at Completion exceeds RMB600 million (without, for the purposes of this adjustment, any double counting of the effect of the excess amount of Borrowing on the Target Consolidated Liability).

2.3 The Consideration shall be paid or satisfied in the following manner:-

- (a) as to HK\$100 million by the issue and allotment of the Consideration Shares credited as fully paid at the Issue Price; and
- (b) as to the balance to be satisfied in cash,

provided that the Purchaser may elect to satisfy all or part of its payment obligations under sub-clause (b) by the issue of the Loan Note in a principal amount equal to the consideration so satisfied.

2.4 The Consideration shall be paid or satisfied on the following dates:-

- (a) within 5 Business Day after the signing of this Agreement, as to HK\$100 million as deposit ("Deposit") which is refundable pursuant to Clause 3.3 and Clause 8, and shall be applied in and towards payment of the Consideration at Completion;
- (b) on Completion, as to HK\$100 million by the issue and allotment of Consideration Shares (rounded down to the nearest integral number) credited as fully paid at the Issue Price; and
- (c) within five (5) Business Days after the Final Completion Statements are agreed or deemed to be agreed pursuant to Clause 2.5(b) or the date the Expert issues a written determination pursuant to Clause 2.5(d) (as the case may be), as to any unpaid balance of the Consideration in cash and/or by the issue of the Loan Note.

## 2.5 Completion Accounts:-

- (a) The Vendor shall deliver to the Purchaser as soon as practicable after the possible Completion Date can be estimated, subject to the fulfilment of the Conditions precedent (to the extent not waived) and in any event at least 20 Business Days prior to that estimated Completion Date:-
- (i) an advanced draft of the Completion Accounts, prepared in accordance with HKFRS and on accounting policies and on a consistent basis, which shall give a true and fair view of the financial position and trading performance of the Group or the relevant member(s) of the Group; and
  - (ii) such supporting evidence as may reasonably be required by the Purchaser to verify the accuracy of each line item in the Completion Accounts.
- (b) Within 45 Business Days after Completion, the Purchaser shall prepare and deliver to the Vendor (i) the final Completion Accounts together with an explanation of any adjustments made to the information contained in the draft Completion Accounts delivered pursuant to Clause 2.5(a); and (ii) the computation of any adjustments that is required to be made to the initial Consideration in accordance with Clause 2.2 to the extent ascertainable as at Completion and the remaining amount of Consideration payable to the Vendor pursuant to Clause 2.4 or a confirmation that no adjustment is required to be made (“Final Completion Statements”).
- (c) Promptly upon receipt of a request in writing (“Review Request”) from the Vendor made within 10 Business Days (“Review Period”) of receipt of the Final Completion Statements, the Purchaser shall procure that access be given to the Vendor of the management records of the members of the Group during regular operating hours with prior notice. Any objections to the calculations in the Final Completion Statements by the Vendor shall be made in writing (“Objection Notice”) with reasons to the Purchaser and specify the appropriate amount that should be payable under Clause 2.4 within 10 Business Days (“Objection Period”) next following the date on which access to management records of the Target Group Companies is made available by the Purchaser. If no Review Request is received within the Review Period, the Final Completion Statements are deemed to be agreed and shall for the purposes of determining the Consideration be final and binding on the parties.
- (d) If an Objection Notice is received, the Vendor and the Purchaser shall promptly thereafter in good faith seek to resolve any differences within 20 Business Days. If such differences are not resolved, then the Purchaser has the right to nominate the auditors of the Listco or an independent firm of international accountants (“Expert”) to act as expert and not arbitrators shall make a written determination on the subject matter of dispute. The determination of such an Expert shall be final and binding on the parties for the purposes of determining the amount of Consideration payable under Clause 2.4. The party who asserts an amount of Consideration that most deviates from the final amount of Consideration based on the determination of the Expert shall bear the fees of the Expert and to the extent

that any party shall have paid the fees in advance, that party shall be reimbursed on demand.

### 3. CONDITIONS PRECEDENT

3.1 The obligations of the parties hereto to effect Completion shall be conditional upon:-

- (a) the approval by the shareholders of Listco of this Agreement and the transactions contemplated under this Agreement at the general meeting, in compliance with the requirements of the Listing Rules having been obtained;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;
- (c) an independent professional valuation by an independent third party valuer acceptable to the Purchaser which confirms the enterprise value of PRC Sub B is no less than RMB1 billion on assumptions acceptable to the Purchaser acting reasonably;
- (d) the Purchaser being satisfied with the results of its due diligence review as set out in Clause 3.4 below, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure, of each member of the Group being completed to the satisfaction of the Purchaser;
- (e) all of the licences, approvals and consents referred to in Schedule 3 having been obtained;
- (f) the Purchaser having received evidence to its satisfaction that:
  - (i) the WFOE has completed the acquisition of the entire equity capital of PRC Sub A (wholly-owning PRC Sub B) on terms no less favourable to the Group than as set out in the LOI and otherwise to the satisfaction of the Purchaser and has settled all consideration payable for that acquisition which should not exceed RMB 1 billion less the total consolidated liabilities of PRC Sub A as at the date of completion of such acquisition;
  - (ii) the existing Trust Loan of PRC Sub A having been repaid and settled in full and any and all security thereunder unconditionally released in favour of the Group and any Borrowings of the Group taken out for refinancing the Trust Loan are on terms to the satisfaction of the Purchaser; and
- (g) the Purchaser having received evidence to its satisfaction that as at Completion it can reasonably expect:-
  - (i) the Target Consolidated Liability to be not more than RMB650 million;

- (ii) the aggregate consolidated Borrowings of the Group does not exceed RMB600 million, carry interest at a rate or rates not exceeding 11% per annum and maturing not earlier than fifth (5<sup>th</sup>) anniversary from Completion, and otherwise on terms to the satisfaction of the Purchaser.
- 3.2 The Conditions Precedent in Clause 3.1(d), (f) and (g) may be waived by the Purchaser in writing, with or without conditions. For the avoidance of doubt, no waiver of all or part of any Condition Precedent shall prejudice or constitute a waiver of any rights of the Purchaser to claim under the Vendor Warranties.
- 3.3 The Vendor shall use its best endeavours to procure the fulfilment of the Conditions Precedent in Clauses 3.1 (e), (f) and (g) (to the extent not waived). If any of the Conditions Precedent (which is not waived by the Purchaser) is not fulfilled on or before the Long Stop Date, the rights and obligations of the parties hereto shall lapse and be of no further effect except for antecedent breach of any obligations of any parties hereto and save that the Vendor shall within 5 Business Days after the earlier of (i) the date on which the Purchaser notifies the Vendor that one or more conditions set out in Clause 3.1 are not capable of being fulfilled and (ii) the Long Stop Date refund the Deposit received pursuant to Clause 2.4(a) to the Purchaser without interest.
- 3.4 The Purchaser shall be entitled to carry out a legal due diligence review and investigation on affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of each member of the Group. In order to facilitate such due diligence review, the Covenantors shall and shall cause the Group to provide promptly to the Purchaser (a) full access to all parts of the property and business premises occupied or used by the Group and the Properties; (b) full access to the books and records of each member of the Group which they may inspect and/or take copies of; (c) suitable opportunities to conduct discussions with senior management personnel of the Group and such other persons that the Purchaser may require; (d) such other assistance and cooperation as the Purchaser may require in order for such due diligence review to be carried out properly; and (e) copies of all contracts, proposals and business plans of the Group. The Purchaser for the purpose of this Clause 3.4 shall include professional parties authorized by the Purchaser.

#### 4. COMPLETION

- 4.1 Completion of this Agreement shall take place at or before 3 p.m. on the seventh (7th) Business Day after the last of the Conditions Precedent in Clause 3.1 (other than (d)) to be fulfilled (counted on the fulfilment date) and on condition that all other Condition(s) Precedent shall remain fulfilled and satisfied on Completion (unless waived by the Purchaser as provided in Clause 3.2) or such other date as may be agreed between the Vendor and the Purchaser in writing, at Rooms 2004-2005, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong or such other place as may be mutually agreed by the Parties hereto.
- 4.2 At Completion all (but not some only) of the following business shall be transacted:-
  - (a) the Vendor shall deliver to the Purchaser:-

- (i) certified true copies of resolutions passed respectively by its directors and shareholder(s) approving this Agreement and the performance by it of its obligations hereunder;
- (ii) instrument(s) of transfer in respect of the Sale Shares duly executed by the Vendor in favour of the Purchaser and/or its nominee;
- (iii) each of the Shareholder's Loan Assignment duly executed by the Vendor in favour of the Purchaser and/or its nominee(s) together with all documents referred to therein to be delivered immediately after the execution thereof;
- (iv) Deed of Indemnity duly executed by the Vendor in favour of the Purchaser, the Listco and the Company (for itself and on behalf of the other members of the Group);
- (v) all existing share certificate(s) in respect of the Sale Shares in the name of the Vendor for cancellation;
- (vi) share certificate(s) in the name of the Purchaser (or its nominee) in respect of the Sale Shares;
- (vii) letters of resignation of directors and (for PRC incorporated members of the Group) legal representatives of each member of the Group as may be required by the Purchaser to resign, each of such resignations to include a confirmation that such person has no claim of any nature whatsoever against the relevant member of the Group (including without limitation, compensation for loss of office);
- (viii) in respect of each member of the Group, all statutory and corporate books, records and registers, certificates of incorporation, company chops, common seals, certified copies of the memorandum and articles of association or other constitutional documents, all unissued share certificates, cheque books, accounting and other books and financial records, business licences, current contracts and all original leases;
- (ix) (if applicable) certified true copies of any power of attorney or other authority pursuant to which this Agreement and any document referred to above may have been executed and such other documents as the Purchaser may require to give good title to the Sale Shares to enable the Purchaser or such party as it nominates to be registered as the holders of the Sale Shares;
- (x) evidence to the satisfaction of the Purchaser that as at Completion, such person(s) nominated by the Purchaser has been appointed to the board of directors of the Company and each member of the Group;
- (xi) a written confirmation under seal from the Guarantor in favour of the Company (for itself and on behalf of each member of the Group) that as at the Completion Date no member of the Group has any liability due to him

nor any of his associates (as defined in the Listing Rules);

- (xii) a legal opinion in the agreed form by the PRC Legal Counsel dated the Completion Date confirming at least the following in relation to each member of the Group incorporated in PRC:
  - (1) it has been duly incorporated in the PRC and is validly subsisting;
  - (2) its legal and beneficial owner;
  - (3) it has obtained the legal rights to use and occupy the land and buildings at which its business and operation are conducted and carried on and all premium, fees and charges payable by it or in connection with the use or occupation of such land and buildings which are due have been duly paid and settled;
  - (4) all material contracts to which it is a party, including but not limited to the Key Operating Agreements are legally valid, binding and enforceable;
  - (5) each PRC incorporated member of the Group (where applicable) has obtained all the licences and approvals necessary for the operation of its business; and
  - (6) such other matters as requested by the Purchaser; and
- (xiii) certificates of incumbency in relation to each of the Vendor and the Company issued by their respective registered agents and certificates of good standing in relation to each of the Vendor and the Company, all of which dated not more than 5 days of the Completion Date;
- (xiv) certified true copies of resolutions of the board of directors of the Company approving the following:-
  - (1) the transfer in respect of the Sale Shares in favour of the Purchaser (or its nominee(s));
  - (2) the issue of new share certificate(s) in respect of the Sale Shares in favour of the Purchaser (or its nominee(s));
  - (3) the registration of the Purchaser (or its nominee(s)) as the registered holder(s) of the Sale Shares;
  - (4) the resignation of all the directors and/or secretary of the Company and the appointment of such number of directors and/or secretary as the Purchaser may nominate prior to Completion, with effect from the Completion Date;
  - (5) the revocation or variation of all existing authorities to bankers in respect of the operation of the bank accounts of the Company and

the appointment of such persons as the Purchaser may nominate to operate such bank accounts; and

- (6) the Deed of Indemnity and authorizing its execution by or on behalf of the Company;
  - (xv) certified true copies of resolutions of the board of directors of each member of the Group and (if required by the Purchaser) resolutions of their shareholders approving the following:-
    - (1) the resignation of all of their directors and/or secretary and/or administrator and/or registered agent and/or legal representative (as required by the Purchaser) and the appointment of such number of directors and/or secretary and/or administrator and/or legal representative as the Purchaser may nominate prior to Completion, with effect from the Completion Date; and
    - (2) the revocation or variation of all existing authorities to bankers in respect of the operation of bank accounts of such companies and the appointment of such persons as the Purchaser may nominate to operate such bank accounts;
  - (xvi) a certificate signed by a director of the Vendor and the Guarantor containing an acknowledgement that the Purchaser relies on the certificate in determining whether or not to proceed with Completion and a confirmation that (i) all Vendor Warranties remain true and accurate as of Completion; and (ii) there has been no Material Adverse Change.
- (b) the Purchaser shall:-
- (i) deliver to the Vendor copies of resolutions passed respectively by its directors and shareholder(s) approving this Agreement and the performance by it of its obligations hereunder;
  - (ii) produce to the Vendor instrument(s) of transfer in respect of the Sale Shares executed by the Purchaser and/or its nominee(s);
  - (iii) produce to the Vendor counterpart of the Shareholder's Loan Assignment executed by the Purchaser and/or its nominee(s); and
  - (iv) procure the issue and allotment of the Consideration Shares to the Vendor in accordance with Clause 2.4(b) (the Vendor acknowledging that original certificates for the Consideration Shares will be delivered as soon as practicable after Completion and may not be available on Completion and provide evidence of irrevocable instructions for the Listco to issue certificates for such Consideration Shares having been given to the Hong Kong registrar of Listco).

## 5. COVENANTS UP TO COMPLETION

- 5.1 Each of the Covenantors undertakes that save as required or contemplated by this Agreement, prior to Completion the business of the Group shall be operated on its normal and usual basis, and the Group shall not do or omit to do (or allow to be done or to be omitted to be done) any act or thing which is a breach of the Vendor Warranties or would lead to a breach thereof in any respect or otherwise material to the Group, and in particular (but without limiting the generality of the foregoing), no member of the Group shall, prior to Completion, without the prior written consent of the Purchaser or except as provided in this Agreement undertake any of the following matters otherwise than in the ordinary course of day-to-day operations:
- (a) issue any shares, warrants or other securities or loan capital or grant or redeem any option or amend the terms of any existing option over or right to acquire or subscribe any of its share or loan capital or (in respect of any member of the Group incorporated in the PRC) increase or reduce the registered capital and/or the total investment;
  - (b) make any change to its constitutional document;
  - (c) make any change to any of the Grid Connection Agreements, the Power Supply Agreements or waive any rights or assume additional obligations thereunder;
  - (d) any member of the Group redeeming or repurchasing any securities (other than from an employee following his termination or when contractually bound to do so pursuant to the terms on which the securities were issued) or reducing its registered capital and/or total investment amount;
  - (e) any member of the Group declaring or paying any dividend or distribution other than when contractually bound to do so pursuant to the terms on which the relevant securities were issued and any change in the dividend policy of the Company;
  - (f) any member of the Group disposing of any interest in any Subsidiary;
  - (g) any member of the Group establishing any Subsidiary other than a wholly-owned Subsidiary;
  - (h) any member of the Group entering into (or terminating) any material partnership, joint ventures, profit-sharing agreement, franchise agreement or collaboration or merging with any other entity (not being a member of the Group);
  - (i) appointing or removing the auditors of any member of the Group;
  - (j) any change of the financial year of any member of the Group other than any changes required by applicable laws or in order to comply with the applicable accounting standards promulgated from time to time by the Hong Kong Institute of Certified Public Accountants (or other equivalent accounting authorities);
  - (k) any proposal to wind up any member of the Group or other voluntary proceeding seeking liquidation, administration (whether out of court or otherwise), reorganization, readjustment or other relief under any bankruptcy,



insolvency or similar law or the appointment of a trustee, receiver, administrator (whether out of court or otherwise) or liquidator or similar office;

- (l) borrow any money or make any payments out of or drawings on its bank accounts (except routine payments in the ordinary course of business) with an aggregate amount in excess of HK\$1,000,000;
- (m) enter into any contracts resulting in any actual or contingent liabilities, other than in the ordinary and usual course of business;
- (n) terminate any agreement, arrangement or understanding or waive any right with an aggregate value in excess of HK\$1,000,000;
- (o) create or permit to arise any Encumbrance of whatsoever nature, whether or not on or in respect of any part of its undertaking, property or assets, other than in the ordinary and usual course of business;
- (p) make any capital expenditures;
- (q) give any guarantee, indemnity, surety or security other than to or for the benefit of any member of the Group;
- (r) dispose of the ownership, possession, custody or control of any corporate or other books or records of material importance;
- (s) compromise, settle, release, discharge or compound any material civil, criminal, arbitration or other proceedings or any material liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing, save for any waiver in favour of the Group;
- (t) enter into or amend any service agreements with directors or increase the remuneration payable;
- (u) establish any pension, retirement scheme, share option scheme, profit sharing or bonus scheme or any other benefit scheme operated by any member of the Group save to the extent required under applicable laws and regulations;
- (v) terminate or allow to lapse any insurance policy taken out by a member of the Group now in effect;
- (w) enter into any leasing, hire purchase agreement or any agreement or arrangement for payment on deferred terms outside the ordinary or proper course of its business;
- (x) enter into any transaction or arrangement, which is not on an arm's length basis or in the usual and ordinary course of business of any member of the Group;
- (y) engage in any merger and acquisition, consolidation, restructuring, spin-off or other similar transaction, or engage in any transaction or transaction which may result in change of control of any member of the Group;

- (z) do, allow or procure any act or permit any omission which would or might constitute a breach of any of the Vendor Warranties if repeated at Completion or any of the obligations set out in this Agreement given by or imposed on the Vendor,

or agree to do any of the above.

- 5.2 Each of the Covenantors undertakes immediately to notify the Purchaser in writing of any matter or thing which arises or becomes known to it/him before Completion which:
  - (a) constitutes (or would after the lapse of time constitute) a breach of any of the Vendor Warranties or the undertakings or other provisions set out in this Agreement; or
  - (b) has, or can reasonably be expected to have, a Material Adverse Change.
- 5.3 The Vendor undertakes to:-
  - (a) file or cause to be filed a notice to the relevant PRC Tax authorities within 30 days after the date of this Agreement to fully disclose the existence of this Agreement and all other information relating to this Agreement otherwise contemplated by Tax Circular 698; and
  - (b) promptly provide to the Purchaser copies of all relevant written correspondence with the relevant tax authorities and any documentation relating to the above Tax Circular 698 filing, including but not limited to the reporting package, the acknowledgement receipt from the Tax authorities to confirm the acceptance of the reporting, the tax filing return and tax payment receipts where applicable.
- 5.4 The Covenantors undertake that the Vendor shall not, and (in the case that the Consideration Shares are allotted and issued to the nominee of the Vendor at Completion) shall procure that the nominee of the Vendor shall not, at any time during the period commencing from the Completion Date and ending on a day immediately before the first anniversary of the Completion Date, (i) sell, transfer or otherwise dispose of, or (ii) enter into any agreement to sell, transfer or dispose of, or (iii) otherwise create any options, rights, interests or encumbrances in respect of, any of the Consideration Shares (or any interest therein) directly or indirectly owned by it, or (iv) enter into any swap or other arrangements that transfer the economic consequences of ownership of such Consideration Shares or interest, whether any of the foregoing transactions or arrangement is to be settled by delivery of such Consideration Shares or in cash or otherwise, or (v) offer or agree to do any of the foregoing. The Company shall be entitled to (without any liability) refuse to register any transfer in breach of this clause. If and to the extent that the Consideration Shares are deposited into CCASS, the Vendor shall upon receipt of a request by the Company, produce evidence of the Considerations held by it during the one year period.

6. COVENANTORS' REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 6.1 The Covenantors hereby represent, warrant and undertake to the Purchaser that as at the date of this Agreement and as at Completion:
- (a) the representations and warranties set out in Schedule 2 are true, accurate and not misleading;
  - (b) none of the Covenantors and their respective associates (as defined under the Listing Rules) are connected persons (as defined under the Listing Rules) of Listco;
  - (c) none of the Covenantors and their respective associates (as defined under the Listing Rules) are interested in any share capital of Listco and/or Listco's Subsidiaries;
  - (d) none of the Covenantors are in any way related to and the Covenantors are independent of the PRC Owner, the Company and any member of the Group prior to the date of this Agreement; and
  - (e) none of the Covenantors have any interest in any Listco Shares, save pursuant to this Agreement.
- 6.2 The Covenantors acknowledge that the Purchaser has entered into this Agreement in reliance on each of the Vendor Warranties and none of the Vendor Warranties shall be limited or restricted by reference to or inference from the terms of any other Vendor Warranties.
- 6.3 The Vendor shall indemnify and keep indemnified the Purchaser and/or its nominee from and against all losses, liabilities, damages, costs, expenses, actions or proceedings sustained or incurred or brought by or against the Purchaser and/or its nominee as a result of or arising from any breach of any of the Vendor Warranties.
- 6.4 Each of the Vendor Warranties shall be separate and independent and shall not be limited by reference to or inference from any other Vendor Warranty or anything in this Agreement.
- 6.5 Each of the Covenantors shall procure that (save only as may be necessary to give effect to this Agreement and the transactions contemplated herein) neither it/he nor the Company shall do, allow or procure any act or omission before Completion which would constitute a breach of any Vendor Warranty.
- 6.6 For the avoidance of doubt, neither of the Covenantors shall be liable to the Purchaser under this Agreement for any changes in the price of the shares of Listco as a result of the announcement or completion of this Agreement or otherwise, or in relation to any matter that does not relate to the transactions contemplated under this Agreement.
- 6.7 The liabilities of the Covenantors under this Clause 6 shall be limited as follows:-

- (a) the Covenantors shall not be liable for any breach of Vendor Warranties in respect of any information and/or fact communicated in writing to the Purchaser or its PRC legal counsel by or on behalf of the Vendor prior to the date of this Agreement in connection with the Purchaser's preliminary due diligence enquiries into members of the Group;
- (b) the aggregate liabilities of the Covenantors under this Clause 6 shall not exceed the total Consideration received by the Vendor;
- (c) the Covenantors shall not be liable under any of the Vendor Warranties unless notice of a claim under the Vendor Warranties has been given by the Purchaser before the later of (i) the date of publication of the first audited consolidated financial statements of the Listco after Completion; and (ii) the expiry of six months immediately following Completion.

## 7. GUARANTEE BY THE GUARANTOR

- 7.1 The Guarantor hereby guarantees, unconditionally and irrevocably as primary obligor, the due observance and performance by the Vendor of all the agreements, obligations, commitments and undertakings contained in this Agreement (the "Vendor's Guaranteed Obligations") on the part of the Vendor to be observed and performed and undertakes and agrees that it will indemnify the Purchaser in respect of all losses, costs, expenses and damages sustained by it by reason of or in consequence of any failure of the Vendor to carry out any such Vendor's Guaranteed Obligations. The obligation of the Guarantor under this Clause 7 shall not exceed the total Consideration received by the Vendor.
- 7.2 The guarantee and indemnity provided by the Guarantor in this Clause 7 shall be a continuing guarantee and indemnity and shall cover all the obligations of the Vendor under this Agreement notwithstanding the liquidation, incapacity or any change in the constitution of the Vendor or any settlement of account or variation or modification of this Agreement or any indulgence or waiver given by any party or other matter whatsoever until the last claim whatsoever by the Purchaser against the Vendor has been satisfied.
- 7.3 Should any obligation of the Vendor, which if valid or enforceable would be the subject of the guarantee and indemnity in this Clause 7, be or become wholly or partly invalid or unenforceable against the Vendor by reason of any defect in or insufficiency or want of powers of the Vendor or irregular or improper purported exercise thereof or breach or want of authority by any person purporting to act on behalf of the Vendor or because any of the rights have become barred by reason of any legal limitation, disability, incapacity or any other fact or circumstance whether or not always known to the Purchaser, the Guarantor shall nevertheless be liable to the Purchaser notwithstanding the avoidance or invalidity of any term or condition of this Agreement whatsoever including (without limitation) avoidance under any enactment relating to liquidation in respect of that obligation of the Vendor as if the same were wholly valid and enforceable.
- 7.4 The guarantee and indemnity provided by the Guarantor in this Clause 7 may be enforced against it by the Purchaser or its nominees at any time without first instituting

legal proceedings against the Vendor in the first instance or joining in the Vendor as a party in the same proceedings against it.

8. TERMINATION

If at any time before Completion:

- (a) any of the Key Operating Agreements is terminated or varied in any material respect or is subject to any dispute, in each case for whatever reason(s) and whether or not it is induced by the Vendor without limitation to the generality of the foregoing; or
- (b) any breach of the Vendor Warranties comes to the notice of the Purchaser ; or
- (c) the Vendor is in breach in any material respect of any obligation on its part under this Agreement; or
- (d) anything occurs which constitute, or is likely to constitute, a Material Adverse Change,

then, but without prejudice to any other rights or remedies available to the Purchaser, the Purchaser may without any liability to the Vendor elect not to complete the purchase of the Sale Shares and the Shareholder's Loans by giving notice in writing to the Vendor, and the Vendor shall within 5 Business Days after the date of such notice refund the Deposit received pursuant to Clause 2.4(a) to the Purchaser without interest. Notwithstanding elsewhere set forth in this Agreement, the Vendor shall not have any liability in respect of any event giving rise to termination pursuant to Clause 8(d), unless any of the events referred to in Clause 8(a), (b) and/or (c) also subsisted at the time and constitute a, or is likely to constitute a, Material Adverse Change.

9. NOTICES

Any notice required or permitted to be given by or under this Agreement shall be in writing and if to the Vendor, the Purchaser and the Guarantor shall be given by delivering it to its address or facsimile number shown below:

The Vendor

Address: Units No.6801, 68<sup>th</sup> Floor, The Center, 99 Queen's Road Central, Hong Kong  
Fax: 2331 9118  
Attention: Mr. Cheng Teng Man Andy

The Purchaser

Address: Rooms 2004-5, 20<sup>th</sup> Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.  
Fax: 2344 9392

Attention: Mr. Lai Leong

The Guarantor

Address: Units No.6801, 68<sup>th</sup> Floor, The Center, 99 Queen's Road Central, Hong Kong

Fax: 2331 9118

or to such other address or facsimile number in Hong Kong as the party concerned may have been notified to the other party pursuant to this Clause and may be given by sending it by hand to such address or by facsimile transmission to such facsimile number, or to such other address or facsimile number as the party concerned may have notified to the other parties in accordance with this Clause. Any such notice so addressed to the relevant parties shall be deemed to be served on the day of delivery or facsimile transmission (or, if the day of delivery or transmission is not a Business Day or if the delivery or transmission is made after 5:00 pm Hong Kong time, deemed to be served on the immediately following Business Day), or if sooner upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

10. COSTS AND EXPENSES

Each party shall bear its/his own costs (including legal costs) and expenses in connection with the preparation, negotiation and settlement of this Agreement.

11. GENERAL PROVISIONS RELATING TO AGREEMENT

11.1 Time shall be of the essence for this Agreement.

11.2 This Agreement shall be binding on and enure for the benefit of the successors of each of the parties but shall not be assignable without prior written consent of the other party(ies).

11.3 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such party of any other right or remedy it may have in respect of that breach.

11.4 Any right or remedy conferred by this Agreement on the Vendor, the Guarantor and the Purchaser respectively for breach of this Agreement (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it/him in respect of that breach.

11.5 This Agreement (together with the other documents referred to herein) constitutes the entire agreement between the parties with respect to its subject matter (neither party having relied on any representation or warranty made by the other parties which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by the parties.

- 11.6 This Agreement supersedes all and any previous agreements, arrangements or understanding between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- 11.7 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 11.8 Subject to the requirements or requests of the Stock Exchange or any other applicable laws and regulations, none of the parties hereto may make any press or other announcements relating to this Agreement, and any other transactions and/or agreements contemplated hereunder without prior consultation with the other parties hereto.

12. PROCESS AGENT

The Vendor hereby irrevocably appoints CHENG, Teng Man Andy currently of Flat 6801, 68/F., The Centre, 99 Queen's Road Central, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its successor) no longer serves as agent of the Vendor for this purpose, the Vendor shall promptly appoint a successor agent, notify the Purchaser thereof and deliver to the Purchaser a copy of the new process agent's acceptance of appointment Provided that until the Purchaser receives such notification, it shall be entitled to treat the agent named above (or its said successor) as the agent of the Vendor for the purposes of this Clause 12. The Vendor agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to the Vendor.

13. COUNTERPARTS

This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties.

14. GOVERNING LAW AND JURISDICTION

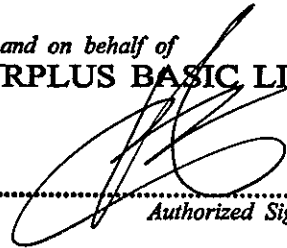
This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereto submit to the non-exclusive jurisdiction of the courts of Hong Kong.

AS WITNESS whereof this Agreement has been duly executed on the date first above written.

SIGNED by LAI LEONG  
for and on behalf of  
**SURPLUS BASIC LIMITED**  
in the presence of:

)  
)  
)  
)

For and on behalf of  
**SURPLUS BASIC LIMITED**

  
.....  
Authorized Signature(s) *LL*

SIGNED by CHENG TENG MAN ANDY  
for and on behalf of  
**ACCURATE WIN LIMITED**  
in the presence of:

)  
)  
)  
)

For and on behalf of  
**ACCURATE WIN LIMITED**  
準確有限公司

  
.....  
Authorized Signature(s) *Cheng Teng Man Andy*  
*X Cheng.*

SIGNED, SEALED AND DELIVERED by  
**CHENG TENG MAN ANDY**  
in the presence of:

)  
)  
)



*X Cheng.*