

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13E3/A

Schedule filed to report going private transactions(Issuer Self-Tender Offer) [amend]

Filing Date: **2011-07-18**
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SUBJECT COMPANY

CHINA SECURITY & SURVEILLANCE TECHNOLOGY, INC.

CIK: **1260625** | IRS No.: **980509431** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 13E3/A** | Act: **34** | File No.: **005-80530** | Film No.: **11971916**
SIC: **3669** Communications equipment, nec

Mailing Address
*13/F, SHENZHEN SPECIAL
ZONE PRESS TOWER,
SHENNAN ROAD, FUTIAN
DISTRICT,
SHENZHEN, F4 518034*

Business Address
*13/F, SHENZHEN SPECIAL
ZONE PRESS TOWER,
SHENNAN ROAD, FUTIAN
DISTRICT,
SHENZHEN, F4 518034
(86) 755-83765666*

FILED BY

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13E-3

(Amendment No. 2)

(Rule 13E-100)

RULE 13E-3 TRANSACTION STATEMENT

Under Section 13(e) of the Securities Exchange Act of 1934

CHINA SECURITY & SURVEILLANCE TECHNOLOGY, INC.

(Name of Issuer)

CHINA SECURITY & SURVEILLANCE TECHNOLOGY, INC.

RIGHTMARK HOLDINGS LIMITED

RIGHTMARK MERGER SUB LIMITED

INTELLIGENT ONE LIMITED

WHITEHORSE TECHNOLOGY LIMITED

GUOSHEN TU

WING KHAI YAP (TERENCE)

LIZHONG WANG

ZHONGXIN XIE

LINGFENG XIONG

LI FANG

YING ZHANG

ZHIMING WU

DAOBIN SANG

GUOHUI CAO

PO KWAI CHOW

YANG ZHAO

YUJUAN GUAN

ZHUO GONG

XIHONG DAI

QIAOMIN WU

KAICHENG CHENG

LEI WANG

XIAOSHENG TONG

(Name of Persons Filing Statement)

Common Stock, par value \$0.0001 per share

(Title of Class of Securities)

16942J105

(CUSIP Number of Class of Securities)

China Security & Surveillance Technology, Inc.
13/F, Shenzhen Special Zone Press Tower
Shennan Rd.
Futian, Shenzhen 518034
Attn: Chief Executive Officer
+86 755 8351 0888

Guoshen Tu, Wing Khai Yap (Terence), Lizhong
Wang, Zhongxin Xie, Lingfeng Xiong, Li Fang, Ying
Zhang, Zhiming Wu, Daobin Sang, Guohui Cao, Po
Kwai Chow, Yang Zhao, Yujuan Guan, Zhuo Gong,
Xihong Dai, Qiaomin Wu, Kaicheng Cheng, Lei Wang
and Xiaosheng Tong
c/o China Security & Surveillance Technology, Inc.
13/F, Shenzhen Special Zone Press Tower
Shennan Rd.
Futian, Shenzhen 518034
Attn: Chief Executive Officer
+86 755 8351 0888

Rightmark Holdings Limited
c/o China Security & Surveillance Technology, Inc.
13/F, Shenzhen Special Zone Press Tower
Shennan Rd.
Futian, Shenzhen 518034
Attn: Board of Directors
+86 755 8351 0888

Rightmark Merger Sub Limited
c/o China Security & Surveillance Technology, Inc.
13/F, Shenzhen Special Zone Press Tower
Shennan Rd.
Futian, Shenzhen 518034
Attn: Board of Directors
+86 755 8351 0888

Intelligent One Limited
c/o China Security & Surveillance Technology, Inc.
13/F, Shenzhen Special Zone Press Tower
Shennan Rd.
Futian, Shenzhen 518034
Attn: Board of Directors
+86 755 8351 0888

Whitehorse Technology Limited
c/o China Security & Surveillance Technology, Inc.
13/F, Shenzhen Special Zone Press Tower
Shennan Rd.
Futian, Shenzhen 518034
Attn: Board of Directors
+86 755 8351 0888

(Name, address and telephone number of person authorized to receive
notices and communications on behalf of the persons filing statement)

With copies to:

Gregory D. Puff
Shearman & Sterling LLP
12th Floor, Gloucester Tower
The Landmark, 15 Queen's Road,
Central
Hong Kong

Michael V. Gisser
Peter X. Huang
Skadden, Arps, Slate, Meagher &
Flom LLP
30th Floor, China World Office 2
1 Jianguomenwai Avenue
Beijing 100004, PRC

Louis A. Bevilacqua
Stephen R. Rusmisl
Pillsbury Winthrop Shaw Pittman
LLP
2300 N Street, N.W.
Washington, DC 20037-1122

This statement is filed in connection with (check the appropriate box):

- The filing of solicitation materials on an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
 The filing of a registration statement under the Securities Act of 1933.
 A tender offer.
 None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$442,110,236	\$51,329

* Calculated solely for the purpose of determining the filing fee in accordance with Rule 0-11(b)(1) under the Securities Exchange Act of 1934, as amended. The filing fee is calculated based on the sum of (i) the aggregate cash payment for the proposed per share cash payment of \$6.50 for 68,013,595 shares of common stock issued and outstanding as of May 27, 2011 (consisting of the 89,722,023 shares of common stock outstanding as of May 27, 2011 minus 21,708,428 shares held by Guoshen Tu, certain management members of the registrant and their respective affiliates (the "Rollover Shares")), and (ii) the product of 12,864 shares of common stock underlying outstanding warrants as of May 27, 2011 multiplied by \$1.70 per share (which is the difference between \$6.50 per share merger consideration and the exercise price of \$4.80 per share). The Rollover Shares that are not included in the foregoing calculation have been so excluded because they are being contributed to Rightmark Holdings Limited immediately prior to the consummation of the merger.

** The filing fee, calculated in accordance with Rule 0-11(b)(1) of the Securities Exchange Act of 1934 and the Securities and Exchange Commission Fee Rate Advisory #5 for Fiscal Year 2011, is calculated by multiplying the Transaction Valuation by .0001161.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$51,329

Form or Registration No.: Schedule 14A-Preliminary Proxy Statement

Filing Party: China Security & Surveillance Technology, Inc.

Date Filed: May 31, 2011

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INTRODUCTION

This Amendment No. 2 to the Rule 13E-3 transaction statement on Schedule 13E-3, together with the exhibits hereto (this “**Schedule 13E-3**” or “**Transaction Statement**”), is being filed with the Securities and Exchange Commission (the “**SEC**”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) jointly by the following persons (each, a “**Filing Person**,” and collectively, the “**Filing Persons**”): China Security & Surveillance Technology, Inc., a Delaware corporation (“**CSST**,” or the “**Company**”), the issuer of the common stock, par value \$0.0001 per share (the “**Company Common Stock**”) that is subject to the Rule 13e-3 transaction; Rightmark Holdings Limited, a British Virgin Islands company (“**Parent**”), Rightmark Merger Sub Limited, a Delaware corporation and a wholly owned subsidiary of Parent (the “**Merger Sub**”), Intelligent One Limited, a British Virgin Islands company (“**Intelligent One**”), Whitehorse Technology Limited, a British Virgin Islands company (“**Whitehorse**”) and Guoshen Tu (“**Mr. Tu**”), the Chairman and Chief Executive Officer of the Company and each of the other Rollover Stockholders (as defined below).

On April 20, 2011, Parent, Merger Sub, Mr. Tu and the Company entered into an Agreement and Plan of Merger, which was subsequently amended and restated by the Amended and Restated Agreement and Plan of Merger, dated as of May 3, 2011, by and among the same parties (such Agreement and Plan of merger, as amended and restated, the “**Merger Agreement**”) providing for the merger of Merger Sub with and into the Company (the “**Merger**”), with the Company surviving the Merger as a wholly owned subsidiary of Parent. Parent and Merger Sub are beneficially owned by Mr. Tu. Concurrently with the filing of this Schedule 13E-3, the Company is filing with the SEC a preliminary Proxy Statement (the “**Proxy Statement**”) under Regulation 14A of the Exchange Act, relating to an annual meeting of the stockholders of the Company at which the stockholders of the Company will consider and vote upon, among other things, a proposal to adopt the Merger Agreement. The adoption of the Merger Agreement will require the affirmative vote of both (i) stockholders holding a majority of the shares of common stock outstanding as of the close of business on the record date for the annual meeting and (ii) stockholders holding a majority of the shares of common stock outstanding as of the close of business on the record date for the annual meeting (other than the shares of Company common stock owned by Parent, Merger Sub, the Rollover Stockholders (as defined below) and their respective affiliates). A copy of the preliminary Proxy Statement is attached hereto as Exhibit (a)(1) and a copy of the Merger Agreement is attached as Annex A to the preliminary Proxy Statement.

Under the terms of the Merger Agreement, at the effective time of the Merger each outstanding share of the Company Common Stock will be converted automatically into the right to receive \$6.50 in cash (the “**Per Share Merger Consideration**”), without interest, excluding shares owned by (i) Parent, Merger Sub or any other direct or indirect wholly owned subsidiary of Parent, including shares to be contributed to Parent by Mr. Tu and Wing Khai Yap (Terence), Lizhong Wang, Zhongxin Xie, Lingfeng Xiong, Li Fang, Ying Zhang, Zhiming Wu, Daobin Sang, Guohui Cao, Po Kwai Chow, Yang Zhao, Yujuan Guan, Zhuo Gong, Xihong Dai, Qiaomin Wu, Kaicheng Cheng, Lei Wang, Xiaosheng Tong, each of whom is a member of the Company’s management team or the nominee of a member of the Company’s management team (collectively, the “**Rollover Stockholders**”) pursuant to an equity rollover agreement among Parent, Intelligent One Limited, a British Virgin Islands company, and the Rollover Stockholders (the “**Rollover Agreement**”) immediately prior to the effective time of the Merger, (ii) the Company or any direct or indirect wholly owned subsidiary of the Company or (iii) stockholders who have properly exercised, perfected and not withdrawn a demand for, or lost the right to, appraisal rights under Delaware law. The Merger remains subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, including obtaining approval of the existing stockholders of the Company.

The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Pursuant to General Instruction F to Schedule 13E-3, the information contained in the Proxy Statement, including all annexes thereto, is incorporated in its entirety herein by this reference, and the responses to each item in this Schedule 13E-3 are qualified in their entirety by the information contained in the Proxy Statement and the annexes thereto. As of the date hereof, the Proxy Statement is in preliminary form and is subject to completion or amendment. Capitalized terms used but not defined in this Schedule 13E-3 shall have the meanings given to them in the Proxy Statement.

All information contained in this Schedule 13E-3 concerning each Filing Person has been supplied by such Filing Person. No Filing Person, including the Company, is responsible for the accuracy of any information supplied by any other Filing Person.

The filing of this Transaction Statement shall not be construed as an admission by any Filing Person, or by any affiliate of a Filing Person, that the Company is “controlled” by any other Filing Person, or that any other Filing Person is an “affiliate” of the Company within the meaning of Rule 13e-3 under Section 13(e) of the Exchange Act.

Item 1 Summary Term Sheet.

The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

Item 2 Subject Company Information.

(a) Name and Address. The information contained in the section of the Proxy Statement entitled “SPECIAL FACTORS RELATING TO THE MERGER–The Parties” is incorporated herein by reference.

(b) Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“THE ANNUAL MEETING–Record Date; Stockholders Entitled to Vote; Quorum”

“COMMON STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS”

“COMMON STOCK TRANSACTION INFORMATION”

The exact title of each class of the subject equity securities is “China Security & Surveillance Technology, Inc. common stock, par value \$0.0001 per share.”

(c) Trading Market and Price. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“MARKET PRICE AND DIVIDEND INFORMATION”

(d) Dividends. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“MARKET PRICE AND DIVIDEND INFORMATION”

(e) Prior Public Offerings. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“COMMON STOCK TRANSACTION INFORMATION”

(f) Prior Stock Purchases. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“COMMON STOCK TRANSACTION INFORMATION”

Item 3 Identity and Background of Filing Person.

- (a) Name and Address. China Security & Surveillance Technology, Inc. is the subject company. The information set forth in the Proxy Statement contained in the section of the Proxy Statement entitled “SPECIAL FACTORS RELATING TO THE MERGER–The Parties” is incorporated herein by reference.
- (b) Business and Background of Entities. The information set forth in the Proxy Statement contained in the section of the Proxy Statement entitled “SPECIAL FACTORS RELATING TO THE MERGER–The Parties” is incorporated herein by reference.
- (c) Business and Background of Natural Persons. The information set forth in the Proxy Statement contained in the section of the Proxy Statement entitled “SPECIAL FACTORS RELATING TO THE MERGER–The Parties” is incorporated herein by reference.

China Security & Surveillance Technology, Inc.: Set forth below for each director and executive officer of the Company is his respective present principal occupation or employment, the name of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of each such director and executive officer. None of the Company or any of the Company’s directors or executive officers has, during the past five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). None of the Company nor any of the Company’s directors or executive officers listed below has, during the past five years, been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Executive Officers

Guoshen Tu. Mr. Tu has been the Chairman and Chief Executive Officer of the Company since September 2005. From 2004 to 2005, Mr. Tu was the Chairman and Chief Executive Officer of Golden Group Corporation (Shenzhen) Limited. Mr. Tu is a citizen of the People’s Republic of China.

Terence Yap. Mr. Yap has served as the Company’s Chief Financial Officer since January 2007, and as a director and Vice Chairman since March 2006. Prior to joining the Company, Mr. Yap was the President, Chief Executive Officer and a director of Digital Network Alliance International, Inc., a Delaware corporation engaged in the business of providing satellite internet connections to customers in the Asia Pacific region, including Hong Kong, Singapore, Indonesia, Bangladesh, Pakistan, and Mongolia, and the business of providing managed broadband services to commercial office buildings and apartment buildings in Singapore and Hong Kong. Mr. Yap is a citizen of Singapore.

Directors (other than Mr. Tu and Mr. Yap)

Runsen Li. Mr. Li became a director of the Company in August 2007. Mr. Li has been Vice President of the Chinese Police Association since 2005, an organization that serves as a liaison with the police and public community as well as foreign law enforcement agencies. It also conducts formal law enforcement training and education in China as well as overseas. Since 1996, Mr. Li has also been Head of the Commission of Science and Technology of the Ministry of Public Security of the People’s Republic of China. Since 1998, Mr. Li has been group leader and chief technical advisor for China’s Golden Shield Project, a communication network and computer information system operated by the Ministry of Public Security of the People’s Republic of China. Mr. Li is a citizen of the People’s Republic of China.

Peter Mak. Mr. Mak became a director of the Company in October 2007. Mr. Mak is currently the Managing Director of Venfund Investment, a China-focused private equity investment and financial advisory firm incorporated in Shenzhen, China which he co-founded in late 2001. Mr. Mak serves as an independent non-executive director and audit committee Chairman of China GrenTech Corp., which is listed in the U.S., and Huabao International Holdings Ltd., Pou Sheng International (Holdings) Limited and 361 Degrees International Limited, which are listed on the Hong Kong Stock Exchange. Mr. Mak is a citizen of Hong Kong.

Robert Shiver. Mr. Shiver became a director of the Company in October 2007. Mr. Shiver is currently the Chairman and Chief Executive Officer of SH Holdings LLC , which is a privately held investment company specializing in developing recurring revenue services and products in the global security, energy, wireless, and technology sectors. Mr. Shiver is also the Chairman and CEO of Aerwav Holdings Inc., which specializes in providing wireless services, technology and products for the global security, energy and commercial sectors. From November 2003 to June 2005, Mr. Shiver served as Chairman and CEO of Aerwav Integration Service, a majority-owned subsidiary of Aerwav Holdings Inc. In June 2005, in order to reorganize its balance sheet, Aerwav Integration elected to file a voluntary Chapter 11 petition in the U.S. Bankruptcy Court, District of New Jersey which was later converted into Chapter 7 liquidation in April 2006. Mr. Shiver is a citizen of the United States.

Parent, Merger Sub, Intelligent One and Whitehorse Information:

Set forth below for the sole director of each of Parent, Merger Sub, Intelligent One and Whitehorse, is his present principal occupation or employment, the name of the organization in which such occupation or employment is conducted and the five-year employment history of such director. During the past five years, none of Parent, Merger Sub, Intelligent One, Whitehorse and none of their respective directors has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). During the past five years, none of Parent, Merger Sub, Intelligent One, Whitehorse and none of their respective directors has been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

Guoshen Tu. Mr. Tu has been the Chairman and Chief Executive Officer of the Company since September 2005. From 2004 to 2005, Mr. Tu was the Chairman and Chief Executive Officer of Golden Group Corporation (Shenzhen) Limited. Mr. Tu is a citizen of the People' s Republic of China.

Item 4 Terms of the Transaction.

(a) (1) Not applicable.

(a) (2) The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of the Tu Parties for the Merger”

“THE ANNUAL MEETING–Record Date; Stockholders Entitled to Vote; Quorum”

“SPECIAL FACTORS RELATING TO THE MERGER–Material United States Federal Income Tax Consequences”

Annex A–MERGER AGREEMENT

(c) Different Terms. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Certain Effects of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Financing of the Merger”

“THE ANNUAL MEETING–Stock Ownership and Interests of Certain Persons”

“THE MERGER AGREEMENT–Treatment of Common Stock, Restricted Stock and Company Warrants”

Annex A–MERGER AGREEMENT

(d) Appraisal Rights. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“APPRAISAL RIGHTS”

Annex C–DELAWARE GENERAL CORPORATION LAW SECTION 262

(e) Provisions for Unaffiliated Security Holders. The information set forth in the Proxy Statement under “SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger,” is incorporated herein by reference. There have been no other provisions in connection with the merger to grant unaffiliated security holders access to the corporate files of the Filing Persons or to obtain counsel or appraisal services at the expense of the Filing Persons.

(f) Eligibility for Listing or Trading. Not applicable.

Item 5 Past Contacts, Transactions, Negotiations and Agreements.

(a) Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Relationship Between Us and the Tu Parties”

“THE MERGER AGREEMENT”

“CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS”

Annex A–MERGER AGREEMENT

(b) Significant Corporate Events. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“THE MERGER AGREEMENT”

Annex A–MERGER AGREEMENT

(c) Negotiations or Contacts. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference.

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“THE MERGER AGREEMENT”

Annex A–MERGER AGREEMENT

(e) Agreements Involving the Subject Company’ s Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Financing of the Merger”

“THE MERGER AGREEMENT”

Annex A–MERGER AGREEMENT

Item 6 Purposes of the Transaction and Plans or Proposals.

(b) Use of Securities Acquired. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Certain Effects of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Plans for the Company”

“THE MERGER AGREEMENT”

Annex A–MERGER AGREEMENT

- (c)(1)-(8) Plans. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:
- “SUMMARY TERM SHEET RELATED TO THE MERGER”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of the Tu Parties for the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Certain Effects of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Plans for the Company”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Financing of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Delisting and Deregistration of the Company Common Stock”
 - “THE MERGER AGREEMENT”
 - “MARKET PRICE AND DIVIDEND INFORMATION”
- Annex A–MERGER AGREEMENT

Item 7 Purposes, Alternatives, Reasons and Effects.

- (a) Purposes. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:
- “SUMMARY TERM SHEET RELATED TO THE MERGER”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of the Tu Parties for the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Certain Effects of the Merger”
 - “SPECIAL FACTORS RELATING TO THE MERGER–Plans for the Company”
 - “THE MERGER AGREEMENT”

(b) Alternatives. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

- “SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Positions of the Tu Parties regarding the Fairness of the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Purposes of and Reasons of the Tu Parties for the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Effects on the Company if the Merger is not Completed”

(c) Reasons. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

- “SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of the Tu Parties for the Merger”

(d) Effects. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET RELATED TO THE MERGER”
- “SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Certain Effects of the Merger”
- “SPECIAL FACTORS RELATING TO THE MERGER–Plans for the Company”
- “SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”
- “THE MERGER AGREEMENT–Effects of the Merger; Directors and Officers; Certificate of Incorporation; Bylaws”
- “THE MERGER AGREEMENT–Treatment of Common Stock, Restricted Stock and Company Warrants”

“SPECIAL FACTORS RELATING TO THE MERGER–Material United States Federal Income Tax Consequences”
“APPRAISAL RIGHTS”

Annex A–MERGER AGREEMENT

Annex C–DELAWARE GENERAL CORPORATION LAW SECTION 262

Item 8 Fairness of the Transaction.

(a), (b) Fairness; Factors Considered in Determining Fairness. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Opinion of Imperial Capital, Financial Advisor to the Special Committee”

“SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Positions of the Tu Parties Regarding the Fairness of the Merger”

Annex B–FINANCIAL ADVISOR OPINION

(c) Approval of Security Holders. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“THE ANNUAL MEETING–Record Date; Stockholders Entitled to Vote; Quorum”

“THE ANNUAL MEETING–Vote Required”

“THE MERGER AGREEMENT–Conditions to the Merger”

Annex A–MERGER AGREEMENT

(d) Unaffiliated Representative. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Opinion of Imperial Capital, Financial Advisor to the Special Committee”

Annex B–FINANCIAL ADVISOR OPINION

(e) Approval of Directors. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

(f) Other Offers. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

Item 9 Reports, Opinions, Appraisals and Negotiations.

(a)-(c) Report, opinion or appraisal; Preparer and summary of the report, opinion or appraisal; Availability of documents. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference.

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Opinion of Imperial Capital, Financial Advisor to the Special Committee”

“WHERE YOU CAN FIND MORE INFORMATION”

Annex B–FINANCIAL ADVISOR OPINION

Item 10 Source and Amounts of Funds or Other Consideration.

(a), (b) Source of Funds; Conditions. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Financing of the Merger”

“THE MERGER AGREEMENT–Financing”

Annex A–MERGER AGREEMENT

(c) Expenses. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Effects on the Company if Merger is not Completed”

“SPECIAL FACTORS RELATING TO THE MERGER–Fees and Expenses”

“THE MERGER AGREEMENT–Termination”

“THE MERGER AGREEMENT–Termination Fees and Reimbursement of Expenses”

Annex A–MERGER AGREEMENT

(d) Borrowed Funds. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Financing of the Merger”

Item 11 Interest in Securities of the Subject Company.

(a) Securities Ownership. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“COMMON STOCK OWNERSHIP OF MANAGEMENT AND BENEFICIAL OWNERS”

(b) Securities Transactions. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“THE MERGER AGREEMENT”

“COMMON STOCK TRANSACTION INFORMATION”

Annex A–MERGER AGREEMENT

Item 12 The Solicitation or Recommendation.

(d) Intent to Tender or Vote in a Going-Private Transaction. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Interests of the Company’ s Directors and Officers in the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“THE ANNUAL MEETING–Vote Required”

“THE ANNUAL MEETING–Stock Ownership and Interests of Certain Persons”

“COMMON STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS”

(e) Recommendation of Others. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER—Purposes and Reasons of Our Board of Directors and Special Committee for the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER—Positions of the Tu Parties Regarding the Fairness of the Merger”

“THE ANNUAL MEETING—Recommendation of Our Board of Directors and Special Committee”

Item 13 Financial Statements.

(a) Financial Information. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“SELECTED FINANCIAL INFORMATION”

“WHERE YOU CAN FIND MORE INFORMATION”

(b) Pro forma information. Not applicable.

Item 14 Persons/Assets, Retained, Employed, Compensated Or Used.

(a) Solicitations or Recommendations. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER—Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER—Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER—Fees and Expenses”

“THE ANNUAL MEETING—Solicitation of Proxies”

(b) Employees and corporate assets. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET RELATED TO THE MERGER”

“QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER”

“SPECIAL FACTORS RELATING TO THE MERGER–Background of the Merger”

“SPECIAL FACTORS RELATING TO THE MERGER–Recommendation of Our Board of Directors and Special Committee; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger”

“THE ANNUAL MEETING–Solicitation of Proxies”

Item 15 Additional Information.

(b) Other material information. The entirety of the Proxy Statement, including all Annexes thereto, is incorporated herein by reference.

Item 16 Exhibits.

(a)(1) Preliminary Proxy Statement of China Security & Surveillance Technology, Inc., incorporated by reference to the Schedule 14A filed with the Securities and Exchange Commission on July 18, 2011 (the “**Preliminary Proxy Statement**”).

(a)(2) Form of Proxy Card, incorporated herein by reference to the Preliminary Proxy Statement.

(a)(3) Notice of Annual Meeting of Stockholders of the Company, incorporated herein by reference to the Preliminary Proxy Statement.

(a)(4) Press Release dated as of May 3, 2011, incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K furnished by the Company to the Securities and Exchange Commission on May 3, 2011.

(a)(5) Press Release dated as of July 5, 2011, incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K furnished by the Company to the Securities and Exchange Commission on July 5, 2011.

(b)(1) Facility Agreement dated as of April 20, 2011, by and among Parent and China Development Bank Corporation Hong Kong Branch.

(b)(2) Letter Agreement, dated as of April 20, 2011, by and between Parent, Intelligent One and the Rollover Stockholders, incorporated herein by reference to Exhibit 7.05 to Amendment No. 6 to the Schedule 13D filed by Mr. Guoshen Tu with the Securities and Exchange Commission on April 22, 2011.

(c)(1) Opinion of Imperial Capital, LLC, dated May 3, 2011, incorporated herein by reference to Annex B of the Preliminary Proxy Statement.

(c)(2) Discussion Materials prepared by Imperial Capital, LLC for discussion with the special committee of the board of directors of the Company, dated May 3, 2011, incorporated by reference to Exhibit (c)(2) to the Amendment No.1 to the Schedule 13E-3 filed with the Securities and Exchange Commission on July 8, 2011.

(d)(1) Amended and Restated Agreement and Plan of Merger, dated as of May 3, 2011, by and among the Company, Parent, Merger Sub and Mr. Guoshen Tu (solely for the purposes of Section 6.15 therein) incorporated herein by reference to Annex A to the Preliminary Proxy Statement.

(d)(2) Limited Guaranty dated as of April 20, 2011, by Mr. Guoshen Tu in favor of the Company, incorporated herein by reference to Exhibit 7.03 to Amendment No. 6 to the Schedule 13D filed by Mr. Guoshen Tu with the Securities and Exchange Commission on April 22, 2011.

(f)(1) Appraisal Rights, incorporated herein by reference to the Section entitled “Appraisal Rights” in the Preliminary Proxy Statement.

(f)(2) Section 262 of the Delaware General Corporation Law, incorporated herein by reference to Annex C to the Preliminary Proxy Statement.

(g) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

CHINA SECURITY & SURVEILLANCE TECHNOLOGY,
INC.

By: /s/ Terence Yap
Terence Yap
Chief Financial Officer and Director
Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

RIGHTMARK HOLDINGS LIMITED

By: /s/ Guoshen Tu
Guoshen Tu
Director
Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

RIGHTMARK MERGER SUB LIMITED

By: /s/ Guoshen Tu
Guoshen Tu
Director
Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

INTELLIGENT ONE LIMITED

By: /s/ Guoshen Tu
Guoshen Tu
Director
Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

WHITEHORSE TECHNOLOGY LIMITED

By: /s/ Guoshen Tu

Guoshen Tu

Director

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GUOSHEN TU

/s/ Guoshen Tu

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

WING KHAI YAP (TERENCE)

/s/ Wing Khai Yap (Terence)

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LIZHONG WANG

/s/ Lizhong Wang

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

ZHONGXIN XIE

/s/ Zhongxin Xie

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LINGFENG XIONG

/s/ Lingfeng Xiong

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LI FANG

/s/ Li Fang

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

YING ZHANG

/s/ Ying Zhang

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

ZHIMING WU

/s/ Zhiming Wu

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DAOBIN SANG

/s/ Daobin Sang

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GUOHUI CAO

/s/ Guohui Cao

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

PO KWAI CHOW

/s/ Po Kwai Chow

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

YANG ZHAO

/s/ Yang Zhao

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

YUJUAN GUAN

/s/ Yujuan Guan

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

ZHUO GONG

/s/ Zhuo Gong

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

XIHONG DAI

/s/ Xihong Dai

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

QIAOMIN WU

/s/ Qiaomin Wu

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

KAICHENG CHENG

/s/ Kaicheng Cheng

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LEI WANG

/s/ Lei Wang

Dated: July 18, 2011

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

XIAOSHENG TONG

/s/ Xiaosheng Tong

Dated: July 18, 2011

EXHIBIT INDEX

- (a)(1) Preliminary Proxy Statement of China Security & Surveillance Technology, Inc., incorporated by reference to the Schedule 14A filed with the Securities and Exchange Commission on July 18, 2011 (the “**Preliminary Proxy Statement**”).
- (a)(2)(i) Form of Proxy Card, incorporated herein by reference to the Preliminary Proxy Statement.
- (a)(3) Notice of Annual Meeting of Stockholders of the Company, incorporated herein by reference to the Preliminary Proxy Statement.
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- (b)(2) Letter Agreement, dated as of April 20, 2011, by and between Parent, Intelligent One and the Rollover Stockholders, incorporated herein by reference to Exhibit 7.05 to Amendment No. 6 to the Schedule 13D filed by Mr. Guoshen Tu with the Securities and Exchange Commission on April 22, 2011.
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- (c)(2) Discussion Materials prepared by Imperial Capital, LLC for discussion with the special committee of the board of directors of the Company, dated May 3, 2011, incorporated by reference to Exhibit (c)(2) to Amendment No.1 to the Schedule 13E-3 filed with the Securities and Exchange Commission on July 8, 2011.
- (d)(1) Amended and Restated Agreement and Plan of Merger, dated as of May 3, 2011, by and among the Company, Parent, Merger Sub and Mr. Guoshen Tu (solely for the purposes of Section 6.15 therein) incorporated herein by reference to Annex A to the Preliminary Proxy Statement.
- (d)(2) Limited Guaranty dated as of April 20, 2011, by Mr. Guoshen Tu in favor of the Company, incorporated herein by reference to Exhibit 7.03 to Amendment No. 6 to the Schedule 13D filed by Mr. Guoshen Tu with the Securities and Exchange Commission on April 22, 2011.
- (f)(1) Appraisal Rights, incorporated herein by reference to the Section entitled “Appraisal Rights” in the Preliminary Proxy Statement.
- (f)(2) Section 262 of the Delaware General Corporation Law, incorporated herein by reference to Annex C to the Preliminary Proxy Statement.
- (g) Not applicable.

Dated _____ 2011

FACILITY AGREEMENT

between

Rightmark Holdings Limited
as Borrower

and

China Development Bank Corporation Hong Kong Branch
as Lender

relating to a

US\$500,000,000 Term Loan Facility

WHITE & CASE

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THIS AGREEMENT is dated _____ 2011 and made between:

(1) **Rightmark Holdings Limited**, a BVI Business Company incorporated in the British Virgin Islands with limited liability whose registered office is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands as borrower (the “**Borrower**”); and

(2) **China Development Bank Corporation Hong Kong Branch**, a company incorporated in the People’s Republic of China and registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Cap. 32 of The Laws of Hong Kong) with company number F0017015, with its principal place of business in Hong Kong at Suite 3307-3315 33/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong as lender (the “**Lender**”).

IT IS AGREED as follows:

SECTION 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Account Bank**” means China Development Bank Corporation Hong Kong Branch.

“**Acquisition**” means the acquisition by the Borrower of the Target by way of a merger of Merger Sub with and into the Target, pursuant to the terms of the Acquisition Documents, with the Target to be the surviving corporation of such merger.

“**Acquisition Agreement**” means the Agreement and Plan of Merger dated on or about the Signing Date and made among the Borrower, Merger Sub and the Target.

“**Acquisition Closing Date**” means the “Closing Date” under and as defined in the Acquisition Agreement.

“**Acquisition Consideration**” means the aggregate consideration for the Target Shares payable under the Acquisition Agreement as described in the Funds Flow Statement.

“**Acquisition Documents**” means the Acquisition Agreement and any other document designated as an “Acquisition Document” by the Lender and the Borrower.

“**Acquisition Effective Time**” means the “Effective Time” under and as defined in the Acquisition Agreement.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Agreed Form**” means with respect to any document:

- (a) substantially in the form agreed by the Borrower and the Lender prior to the Signing Date; or
- (b) in form and substance acceptable to the Borrower and the Lender each acting reasonably.

“**Applicable GAAP**” means US GAAP or IFRS.

“**Auditors**” means, with respect to any relevant entity, the initial auditors of such entity at the Signing Date, or any other firm which is appointed by such entity in accordance with Clause 21.24 (*Auditors*).

“**Authorisation**” means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

“**Availability Period**” means the period from and including the Signing Date to and including (a) the date falling twelve (12) Month(s) from the Signing Date, or (b) such later date as approved the Lender in its sole discretion.

“**Borrower Share Mortgage**” means the equitable share mortgage to be executed by the Sponsor as mortgagor in favour of the Lender in respect of the entire Equity Interest of the Borrower in the Agreed Form.

“**Break Costs**” means the amount (if any) by which:

- (a) the interest which the Lender should have received pursuant to the terms of this Agreement for the period from the date of receipt of all or any part of the Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which the Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business:

- (a) in relation to the determination of any interest rate, London;
- (b) in relation to any payment or purchase of US Dollars, New York; and

(c) for all other purposes, Hong Kong.

“**Certificate of Merger**” means the certificate of merger to be filed by the parties to the Acquisition Agreement with the Secretary of State of the State of Delaware with respect to the Acquisition.

“**Change of Control**” means:

- (a) the Sponsor ceases to beneficially hold (whether directly or indirectly),
 - (i) subject to paragraph (ii) below, the entire Equity Interest of the Borrower;
if, after the Acquisition Effective Time, the Borrower has issued any Equity Interests and
 - (ii) provided that the proceeds of such issuance are applied in accordance with Clause 8 (*Mandatory Prepayments*), at least 70% of the entire Equity Interest of the Borrower; and/or
- (b) Mr. Tu ceases to beneficially hold (whether directly or indirectly) at least 60% of the entire Equity Interest of the Borrower; and/or
- (c) at or after the Acquisition Effective Time, the Borrower ceases to beneficially hold (whether directly or indirectly),
 - (i) subject to paragraph (ii) below, the entire Equity Interest of the Target and other Group Members;
if, after the Acquisition Effective Time, the Target or any other Group Member has issued any Equity Interests and provided that the proceeds of such issuance are applied in accordance with Clause 8 (*Mandatory Prepayments*), at least 70% of the entire Equity Interest of the Target or that Group Member; and/or
 - (ii) the Sponsor ceases to control directly or indirectly the Borrower or, at or after the Acquisition Effective Time, other Group Member. For the purposes of this definition, “**control**” of a person means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) appoint or remove all, or the majority, of the directors or other equivalent officers of that person; or
 - (ii) give directions with respect to the management, financial or other policies of that person with which the directors or other equivalent officers of that person are obliged to comply.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 3 (*Form of Compliance Certificate*).

“**Currency Event**” means any change (either expressed to be permanent or continues to be in effect for more than thirty (30) days) in the laws or the regulations of PRC or the policies of any Governmental Agency in PRC which prohibits or, in the reasonable opinion of the Lender, might substantially restrict (a) the conversion of

any amount from RMB to US Dollars and/or (b) the making of any dividend or other distributions from any entity that is established in the PRC to its immediate parent company.

“**Debt Service Reserve Account**” means the US Dollar denominated debt service reserve account to be opened by the Borrower with the Account Bank.

“**Deed of Undertaking**” means a deed of undertaking in the Agreed Form to be executed by the Personal Guarantors in favour of the Lender in respect of the SAFE Circulars.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 22 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Disclosed Litigations**” has the meaning given to it in Clause 18.15 (*No proceedings pending or threatened*).

“**Environment**” means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

“**Environmental Claim**” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“**Environmental Law**” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

“**Environmental Permits**” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any Group Member conducted on or from the properties owned or used by the Group Member.

“**Equity Interest**” of any person shall mean any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interest in (however designated) equity of such Person, including any common stock, preferred

stock, any limited or general partnership interest and any limited liability company membership interest.

“**Event of Default**” means any event or circumstance specified as such in Clause 22 (*Events of Default*).

“**Existing Target Facilities**” means (a) the outstanding US\$50,000,000 term loan facility provided to the Target by China Development Bank Corporation Hong Kong Branch as lender in accordance with a facility agreement dated 28 October 2010; (b) the outstanding US\$200,000,000 term loan facility provided to the Target by China Development Bank Corporation Hong Kong Branch as lender in accordance with a facility agreement dated 1 March 2011; and (c) the outstanding US\$10,000,000 bank facilities provided to China Security & Surveillance Technology (HK) Limited by Industrial and Commercial Bank of China (Asia) Limited.

“**Existing Citadel Note**” means the outstanding US\$26,040,000 Tranche B Zero Coupon Guaranteed Senior Unsecured Notes held by Citadel Equity Fund Ltd.

“**Existing Whitehorse Facility**” means the outstanding US\$45,000,000 term loan facility provided to Whitehorse by China Development Bank Corporation Hong Kong Branch as lender in accordance with a facility agreement dated 24 June 2010.

“**Facility**” means the term loan facility to be made available under this Agreement as described in Clause 2 (*The Facility*), as the same may be reduced, varied or cancelled in accordance with the terms of this Agreement.

“**Facility Office**” means the office or offices notified by the Lender to the Borrower in writing on or before the date this Agreement (or, following that date, by not less than five (5) Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“**Finance Documents**” means:

- (a) this Agreement,
- (b) the Personal Guarantee;
- (c) the Deed of Undertaking;
- (d) each Security Document, and
- (e) any other document designated as such by the Lender and the Borrower.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks and other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Applicable GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close out of the Treasury Transaction, the amount) shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

“**Funds Flow Statement**” means the funds flow statement in the Agreed Form.

“**Governmental Agency**” means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

“**Group**” means the Borrower and each of its Subsidiaries (including, after the Acquisition Effective Time, each Target Group Member) in each case for the time being and “**Group Member**” means any of those persons.

“**Group Structure Chart**” means the structure chart of the Group and the Target Group delivered to the Lender pursuant to Clause 4.1 (*Initial conditions precedent*), as updated from time to time in accordance with paragraph (b) of Clause 19.2 (*Provision and contents of Compliance Certificates*).

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

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

“**IFRS**” means the International Financial Reporting Standards adopted by the International Accounting Standards Board and its predecessors and successors, consistently applied, in effect as of the Signing Date and from time to time.

“**Indirect Tax**” means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

“Intellectual Property” means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each Group Member (which may now or in the future subsist).

“Interest Payment Date” means (a) each May 20 and each November 20 after the Utilisation Date falling prior to the Termination Date; and (b) the Termination Date.

“Interest Period” means (a) in relation to the Loan, each period determined in accordance with Clause 10 (*Interest Periods*), and (b) in relation to an Unpaid Sum, each period determined in accordance with Clause 9.3 (*Default interest*).

“Legal Reservations” means:

- (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable limitation laws, the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void, or subject to defences of set-off or counterclaim;
- (c) the Personal Guarantee, to the extent that the laws of PRC are applicable, shall be subject to the “Relevant Approvals” under and as defined in the Deed of Undertaking; and
- (d) any matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*).

“LIBOR” means, in relation to a Loan or any Unpaid Sum:

- (a) the Screen Rate; or
- (b) (if no Screen Rate is available for US Dollars for the Interest Period of that Loan) the rate at which the Lender is able to obtain comparable amounts of US Dollars from whatever source it may reasonably select for a period comparable to the relevant Interest Period,

as at 11:00 a.m. (London time) on the Quotation Day for which an interest rate is to be determined for the offering of deposits in US Dollars for a period comparable to the Interest Period for that Loan or Unpaid Sum.

“**Listing**” means a listing of all or any part of the share capital of any Group Member thereof on any recognised investment exchange or any other sale or issue by way of flotation or public offering or any equivalent circumstances in relation to any Group Member in any country.

“**Loan**” means the loan made or to be made by the Lender under the Facility or, as the case may be, the principal amount outstanding for the time being of that loan.

“**Major Default**” means:

- (a) with respect to the Borrower and Merger Sub only, any circumstances constituting a Default under any of Clause 22.1 (*Non-Payment*), Clause 22.3 (*Other obligations*) insofar as it relates to a breach of Clauses 21.8 (*Debt Service Reserve Account and Operating Account*); 21.9 (*Negative pledge*); 21.10 (*Holding Companies*); 21.13 (*Disposals*); 21.14 (*Loans out*); 21.15 (*No Guarantees or indemnities*); and 21.17 (*Financial Indebtedness*), Clause 22.4 (*Misrepresentation*) insofar as it relates to a breach of any Major Representation, Clause 22.6 (*Insolvency*), Clause 22.7 (*Insolvency proceedings*), Clause 22.8 (*Creditors’ process*), Clause 22.9 (*Unlawfulness and invalidity*), Clause 22.12 (*Expropriation*), Clause 22.13 (*Repudiation and rescission of agreements*) or paragraph (a) or (b) of Clause 22.14 (*Litigation*); or
- (b) the occurrence of any event or circumstance permitting the Borrower or Merger Sub to terminate its obligations under the Acquisition Agreement.

“**Major Representation**” means a representation or warranty with respect to the Borrower or Merger Sub only under any of Clause 18.2 (*Status*) to Clause 18.6 (*Validity and admissibility in evidence*) inclusive.

“**Margin**” means:

- (a) at all times from and including the Utilisation Date to and including the date falling thirty-six (36) Months after the Utilisation Date, three point five per cent (3.5%) per annum; and
- (b) at all times thereafter, four point five per cent (4.5%) per annum.

“**Material Adverse Effect**” means in the reasonable opinion of the Lender a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of (i) the Borrower, (ii) the Group taken as a whole, or (iii) the Target Group taken as a whole; or
- (b) the ability of any Obligor to perform its obligations under the Finance Documents to which it is a party (in case of each Personal Guarantor, subject to paragraph (c) of the definition of “Legal Reservations”); or
- (c) the validity or enforceability of, the effectiveness of any Finance Document or the rights or remedies of the Lender under any of the Finance Documents.

“**Merger Sub**” means Rightmark Merger Sub Limited, a Delaware corporation wholly owned by the Borrower.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“**Mr. Tu**” means Mr. Tu Guoshen, the holder of Chinese passport No.G28948045 whose residence as at the Signing Date is at 13/F, Shenzhen Special Zone Press Tower, Shennan Road, Futian Shenzhen 518034, PRC.

“**Obligors**” means the Borrower, the Personal Guarantors and the Sponsor; and “**Obligor**” means any of them.

“**Operating Companies**” means China Security & Surveillance Distribution (PRC) Inc., China Security & Surveillance Technology (PRC) Inc., China Security & Surveillance Services (PRC) Inc., China Security & Surveillance Manufacturing (PRC) Inc., Shanghai Cheng Feng Digital Technology Co., Ltd., Shenzhen Hongtianshi Electronics Co., Ltd., HiEasy Electronic Technology Development Co., Ltd., Changzhou Minking Electronics Co., Ltd., Hangzhou Tsingvision Intelligence System Co., Ltd., Shenzhen Longhorn Security Technology Co., Ltd., Guangdong Stonesonic Digital Technique Co., Ltd., Beijing Aurine Divine Land Technology Co., Ltd., Shenzhen Jin Lin Technology Co., Ltd., Shenzhen Wandaiheng Industry Limited, Shenzhen Coson Electronic Co. Ltd., Golden Group Corporation (Shenzhen) Limited (each of the foregoing being incorporated or established in the PRC) and each of their Subsidiaries from time to time.

“**Original Financial Statements**” means the audited consolidated financial statements of the Target Group for its financial year ended 31 December 2010.

“**Party**” means a party to this Agreement.

“**Permitted Disposal**” means any sale, lease, licence, transfer or other disposal which is on arm’s length terms:

- (a) of trading stock or cash made by any Group Member in the ordinary course of trading of the disposing entity;

- (b) of any asset by a Group Member (the “**Disposing Company**”) to another Group Member (the “**Acquiring Company**”), but if the Disposing Company had given Transaction Security over the asset, the Acquiring Company must give equivalent Transaction Security over that asset;
- (c) of assets in exchange for other assets comparable or superior as to type, value and quality;
- (d) of obsolete or redundant vehicles, plant and equipment for cash;
- (e) arising as a result of any Permitted Security; or
- (f) made with the prior written consent of the Lender.

“**Permitted Facilities**” means:

- (a) the Existing Target Facilities; or
- (b) any refinancing of the Existing Target Facilities provided that:
 - (i) the borrower and/or obligors under such refinancing are the same borrower and/or obligors under the Existing Target Facilities being refinanced;
 - (ii) such refinancing is provided by the same lender or syndicate of lenders that made available the relevant Existing Target Facility;
 - (iii) no prepayment or repayment (whether by way of instalment, mandatory prepayment, set-off or otherwise) may be made in respect of any part of such refinancing on or prior to the date falling six (6) months after the Termination Date;
 - (iv) the principal amount of such refinancing is not greater than the principal amount of the relevant Existing Target Facility being refinanced that was outstanding immediately prior to such refinancing;
 - (v) the refinancing is unsecured; and
 - (vi) the terms of such refinancing are not more favourable to the lender than that of the relevant Existing Target Facility being refinanced.

“**Permitted Security**” means:

- (a) Security for Taxes or assessments or other applicable governmental charges or levies;
- (b) Security created or arising by operation of law or created in the ordinary course of trade, including, but not limited to, landlords’ liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than sixty (60) days overdue or which are being contested in good faith;

- (c) Security incurred on deposits made in the ordinary course of trade in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts or undertakings, performance and return of money bonds, and similar obligations;
- (d) rights of set-off of a financial institution with respect to deposits or other accounts of a Group Member held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by that Group Member, as the case may be;
- (e) Security on documents and the goods they represent in connection with letters of credit, trade finance and similar transactions entered into in the ordinary course of trade;
- (f) leases, subleases, licences and sublicences granted to third parties in the ordinary course of trade;
- (g) attachment, judgment and other similar Security arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings; or
- (h) any Security granted or permitted to subsist with the prior written consent of the Lender.

“**Personal Guarantee**” means the personal guarantee to be executed by the Personal Guarantors in favour of the Lender in the Agreed Form.

“**Personal Guarantors**” means Mr. Tu and Ms. Li Zhiqun (the holder of Chinese passport No. G33730633 whose residence as at the Signing Date is at the 13/F, Shenzhen Special Zone Press Tower, Shennan Road, Futian Shenzhen 518034, PRC), and “**Personal Guarantor**” means any of them.

“**PRC**” means the People’s Republic of China, excluding, for the purpose of this Agreement, Hong Kong, the Special Administrative Region of Macau, and Taiwan.

“**Quotation Day**” means, in relation to any Interest Period in respect of the Loan or any Unpaid Sum, two (2) Business Days before the first day of that Interest Period.

“**Repeating Representations**” means each of the representations set out in Clauses 18.2 (*Status*) to 18.6 (*Validity and admissibility in evidence*), paragraph (b) of Clause 18.10 (*No default*), paragraph (b) of Clause 18.11 (*No misleading information*), Clause 18.12 (*Original Financial Statements*) to Clause 18.20 (*Good title to assets*), Clause 18.21 (*Shares*), Clause 18.22 (*Intellectual Property*), Clause 18.24 (*Insurance*) to Clause 18.26 (*Acquisition Documents, disclosures and other Documents*) and Clause 18.27 (*Repeating representations and warranties under the Acquisition Documents*).

“**Renminbi**” or “**RMB**” means the lawful currency of the PRC.

“**Repayment Date**” has the meaning given to it in Clause 6.1 (*Repayment of the Loans*).

“**Required Reserve Balance**” means in relation to an Interest Payment Date or a Repayment Date, the amount determined by the Lender and notified by the Lender to the Borrower in accordance with Clause 21.8 (*Debt Service Reserve Account*) to be equal to the aggregate of principal and/or interest payments payable by the Borrower on that Interest Payment Date or Repayment Date.

“**Requisite Regulatory Approvals**” means any Authorisations from Governmental Agency that are required to consummate the Acquisition.

“**SAFE Circulars**” means Notice on the Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (国家外汇管理局关于境内居民通过境外特殊目的公司及返程投资外汇管理有关问题的通知) (Hui Fa (2005) No.75) issued on 21 October 2005, Operating Procedures for the Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (《国家外汇管理局关于境内居民通过境外特殊目的公司及返程投资外汇管理有关问题的通知》操作规程的通知) (Hui Zong Fa (2007) No. 106) issued on 29 May 2007 and Detailed Rules for the Measures on the Administration of Individual Foreign Exchange (个人外汇管理办法实施细则) (Hui Fa (2007) No.1) issued on 5 January 2007 by the PRC State Administration of Foreign Exchange and Measures on the Administration of Individual Foreign Exchange (个人外汇管理办法) (PBOC (2006) No.3) issued on 25 December 2006 by the People’s Bank of China including any amendment, implementing rules or official interpretation thereof or any replacement, successor or alternative legislation having the same subject matter thereof.

“**Secured Obligations**” means all principal sums of money and liabilities now or in the future due, owing or payable in respect of the Facility to the Lender by any Obligor under or pursuant to the Facility Agreement and/or any other Finance Document to which it is a party (whether actually or contingently, whether solely or jointly with any other person, whether as principal or surety), together with all interest, commission, fees, charges, costs and expenses and other sums and payments for which any Obligor may be or become liable to the Lender in respect of, under or in connection with any such Finance Documents (after as well as before any demand or judgment).

“**Screen Rate**” means the British Bankers’ Association Interest Settlement Rate of US Dollars for the relevant period as displayed on the appropriate page of the Reuters Screen, provided that if the relevant page is replaced or service ceases to be available, the Lender may specify another page or service displaying the appropriate rate after consultation with the Borrower, and if the agreed page is replaced or service ceases to be available, the Lender may specify another page or service displaying the appropriate rate after consultation with the Borrower.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security Document**” means:

- (a) the Borrower Share Mortgage;
- (b) the Target Share Charge;
- (c) any other document evidencing or creating security over any asset to secure any obligation of the Borrower to the Lender under the Finance Documents; or
- (d) any other document designated as such by both the Lender and the Borrower in writing.

“**Signing Date**” means the date of this Agreement.

“**Sponsor**” means Intelligent One Limited, which is a BVI Business Company with its registered office at Codan Trust Company (B.V.I.) Ltd. Romasco Place, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, British Virgin Islands and beneficially and legally owns 100% of the Equity Interest of the Borrower.

“**Subordinated Indebtedness**” means Financial Indebtedness of any Group Member which is subordinated to the Financial Indebtedness under the Finance Documents on terms reasonably satisfactory to the Lender.

“**Subsidiary**” means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“**Target**” means China Security & Surveillance Technology, Inc., a Delaware corporation whose principal place of business is at 13/F, Shenzhen Special Zone Press Tower, Shennan Road, Futian District, Shenzhen, PRC, 518034 (and which, for the avoidance of doubt, shall include the surviving entity following the Acquisition Effective Time).

“**Target Shares**” means 100% of the Equity Interest of the Target.

“**Target Share Pledge**” means the pledge to be executed by the Borrower as chargor in favour of the Lender in respect of the entire Equity Interests of the Target in the Agreed Form.

“**Target Group**” means the Target and each of its Subsidiaries in each case for the time being and “**Target Group Member**” means any of those persons.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Termination Date**” means the date falling ninety-six (96) Months from the Utilisation Date.

“**Total Commitment**” means US\$500,000,000, as the same may be reduced, varied or cancelled in accordance with the terms of this Agreement.

“**Transaction Costs**” means all fees, (including legal and professional advisory fees), costs and expenses and taxes incurred by the Group and/or the Target Group in connection with the Transaction Documents, including, but not limited to, the negotiation, preparation, execution, notarisation and registration of the Transaction Documents and otherwise in connection therewith, other than the Acquisition Consideration.

“**Transaction Documents**” means the Finance Documents, the Acquisition Documents and any other document designated as such by the Lender and the Borrower.

“**Transaction Security**” means any Security granted under the Finance Documents.

“**Treasury Transactions**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“**Unpaid Sum**” means any sum due and payable but unpaid by the Borrower under the Finance Documents.

“**US Dollars**” or “**US\$**” means the lawful currency of United State of America;

“**Utilisation**” means the utilisation of the Facility.

“**Utilisation Date**” means the date on which the Loan is made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 2 (*Utilisation Request*).

“**Whitehorse**” means Whitehorse Technology Limited, a limited liability company incorporated under the laws of the British Virgin Islands with its registered office at P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:

- (i) the “**Lender**”, the “**Borrower**” or any “**Party**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) “**assets**” includes present and future properties, revenues and rights of every description;
 - a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated (with respect to any Transaction Document, only to the extent permitted by the terms of the Finance Documents);
 - (iv) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (v) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
 - a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) a provision of law is a reference to that provision as amended or re-enacted; and
 - (viii) a time of day is a reference to Hong Kong time.
- (b) section, Clause and Schedule headings are for ease of reference only.
- Unless a contrary indication appears, a term used in any other Finance Document or in any notice given
- (c) under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
 - (d) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived.
- Where this Agreement specifies an amount in a given currency (the “**specified currency**”) “**or its equivalent**”, the “**equivalent**” is a reference to the amount of any other currency which, when converted into the specified currency utilising the Lender’s spot rate of exchange for the purchase of the specified currency with that other currency at or about 11:00 a.m. on the relevant date, is equal to the relevant amount in the specified currency.
- (e)

SECTION 2 THE FACILITY

2. THE FACILITY

Subject to the terms of this Agreement, the Lender makes available to the Borrower a term loan facility in US Dollars in an aggregate amount equal to the Total Commitment. Without prejudice to any other right and/or remedy that the Lender is or may be entitled to under this Agreement, the Lender may in its sole discretion reduce the Total Commitment at any time provided that the reduced Total Commitment shall be no less than US\$420,000,000. The Lender shall promptly notify the Borrower of any such reduction.

3. PURPOSE

3.1 Purpose

The proceeds of the Facility shall be applied in accordance with the Funds Flow Statement:

- (a) towards payment of the Acquisition Consideration;
- (b) towards repayment of the Existing Whitehorse Facility and the Existing Citadel Note; and
- (c) towards payment of the Transaction Costs and any fees described in Clause 12 (*Fees*).

3.2 Monitoring

The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrower may not deliver a Utilisation Request unless the Lender has received all of the documents and other evidence listed in Schedule 1 (*Conditions precedent*) in form and substance satisfactory to the Lender. The Lender shall notify the Borrower promptly upon being so satisfied.

4.2 Further conditions precedent

(a) Subject to Clause 4.1 (*Initial conditions precedent*), the Lender will only be obliged to comply with Clause 5.4 (*Lender's obligations*) if on the date of the Utilisation Request (in respect of paragraphs (i) and (ii) below) and on the proposed Utilisation Date (in respect of paragraphs (i), (ii), (iii) and (iv) below):

- (i) no Major Default is continuing or would result from the proposed Loan;

(ii) all the Major Representations are true;

the Lender has received in form and substance satisfactory to it (x) evidence that the Sponsor has completed all steps required of it in order to subscribe for shares in the Borrower and, (y) if the Sponsor is required to make any equity capital contribution in cash to the Borrower pursuant to the Acquisition Documents, evidence that the Sponsor has made irrevocable wire transfers in an aggregate amount equal to such equity capital contribution to the Borrower and that such amount will be applied towards funding part of the Acquisition Consideration in accordance with the Funds Flow Statement; and

(iii) the Lender has received a letter from the Borrower (in Agreed Form and signed by an authorized signatory) confirming that: (x) the Certificate of Merger has been filed with Secretary of State of the State of Delaware and attaching the stamped Certificate of Merger; (y) the Acquisition Agreement remains in full force and effect and has not been rescinded or repudiated by any party to it; and (z) the Acquisition Effective Time has occurred.

(b) During the Availability Period (save in circumstances where, pursuant to paragraph (a) above, the Lender is not obliged to comply with Clause 5.4 (*Lender's obligations*) and subject as provided in Clause 7.1 (*Illegality*) and unless any reduction of the Total Commitment is made by the Lender in accordance with Clause 2 (*The Facility*) or any of the circumstances or events described in Clause 8.1 (*Exit*) has arisen or occurred), the Lender shall not be entitled to:

(i) cancel any of the Total Commitment;

(ii) rescind, terminate or cancel this Agreement or the Facility or exercise any similar right or remedy or make or enforce any claim under the Finance Documents it may have to the extent to do so would prevent or limit the making of the Utilisation;

(iii) refuse to make the Utilisation;

(iv) exercise any right of set-off or counterclaim in respect of a Utilisation to the extent that to do so would prevent or limit the making of the Utilisation; or

(v) cancel, accelerate or cause repayment or prepayment of any amounts owing under this Agreement or under any other Finance Document to the extent that to do so would prevent or limit the making of the Utilisation,

provided that immediately upon the expiry of the Availability Period all such rights, remedies and entitlements shall be available to the Lender notwithstanding that they may not have been used or been available for use during the Availability Period.

SECTION 3 UTILISATION

5. UTILISATION

5.1 Delivery of a Utilisation Request

The Borrower may utilise the Facility by delivery to the Lender of a duly completed Utilisation Request not later than the 10:00 a.m. (Hong Kong time) one (1) Month before the proposed Utilisation Date or such other time that the Lender may otherwise agree.

5.2 Completion of a Utilisation Request

- (a) The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
 - (i) the proposed Utilisation Date is a Business Day within the Availability Period;
 - (ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and
 - (iii) the proposed Interest Period complies with Clause 10 (*Interest Periods*).
- (b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be US Dollars.

The amount of the proposed Loan must be an amount which is not more than the Total Commitment and which is in integral multiples of US\$1,000,000 (or such other amount that the Lender may otherwise agree).

5.4 Lender's obligations

If the conditions set out in Clause 4 (*Conditions of Utilisation*) and Clause 5.1 (*Delivery of an Utilisation Request*), Clause 5.2 (*Completion of a Utilisation Request*) and Clause 5.3 (*Currency and amount*) above have been met, the Lender shall make the Loan available by the Utilisation Date through its Facility Office.

5.5 Cancellation of Commitment

The amount of the Total Commitment shall be immediately cancelled (a) after the first Utilisation; and (b) at the end of the Availability Period.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1 Repayment of Loans

- Subject to Clause 7 (*Illegality, Voluntary Prepayment and Cancellation*), the Borrower shall repay the
- (a) Facility on each date specified below (each a “**Repayment Date**”, by the amount as set out in the table below.

Repayment Date	Repayment Instalments
The date falling 24 Months from the Utilisation Date	Five per cent. (5%) of the total outstanding principal amount of the Loan immediately following the Utilisation
The date falling 36 Months from the Utilisation Date	Ten per cent. (10%) of the total outstanding principal amount of the Loan immediately following the Utilisation
The date falling 48 Months from the Utilisation Date	Fifteen per cent. (15%) of the total outstanding principal amount of the Loan immediately following the Utilisation
The date falling 60 Months from the Utilisation Date	Fifteen per cent. (15%) of the total outstanding principal amount of the Loan immediately following the Utilisation
The date falling 72 Months from the Utilisation Date	Fifteen per cent. (15%) of the total outstanding principal amount of the Loan immediately following the Utilisation
The date falling 84 Months from the Utilisation Date	Twenty per cent. (20%) of the total outstanding principal amount of the Loan immediately following the Utilisation
Termination Date	The outstanding principal amount at such time

- (b) All payments made under this Clause 6.1 shall be made together with accrued interest and all other amounts accrued or outstanding under this Agreement.

6.2 The Borrower may not reborrow any part of the Facility which is repaid.

7. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION

7.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in the Loan:

- (a) the Lender shall promptly notify the Borrower upon becoming aware of that event and the Total Commitment will be immediately cancelled; and
- (b) the Borrower shall repay the Loan on the Interest Payment Date next occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law).

7.2 Voluntary prepayment of Loan

- (a) The Borrower may, if it gives the Lender not less than five (5) Business Days' prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of US\$10,000,000).
- (b) The Loan may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the Total Commitment in relation thereto is zero).
- (c) Any prepayment under this Clause 7.2 shall satisfy the obligations under Clause 6 (*Repayment*) in inverse chronological order.

7.3 Voluntary cancellation

The Borrower may, if it gives the Lender not less than five (5) Business Days' prior notice, cancel the whole or any part (being a minimum amount of US\$10,000,000) of the Total Commitment.

7.4 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Total Commitment except at the times and in the manner expressly provided for in this Agreement.
- (d) No amount of the Total Commitment cancelled under this Agreement may subsequently be reinstated.
- (e) Any amount prepaid in respect of the Facility may not be redrawn.

8. MANDATORY PREPAYMENT

8.1 Exit

Upon the occurrence of:

- (a) a Listing;
- (b) a Change of Control;
- (c) a Currency Event; or
- (d) the sale of all or substantially all of the assets of the Group or the Target Group whether in a single transaction or a series of related transactions,

the Lender may, by three (3) Business Days' (or such other period as agreed by the Lender and the Borrower) prior written notice to the Borrower, cancel the Facility whereupon the Facility shall immediately be cancelled and/or declare all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents to be immediately due and payable, whereupon they shall become immediately due and payable.

8.2 Equity Issuance and Distribution Proceeds

- (a) For the purposes of this Clause 8.2:

“**Distributions Proceeds**” means the Net Cash Proceeds of any dividends and other distributions received by the Borrower or any other Group Member (other than the Operating Companies).

“**Equity Issuance Proceeds**” means the Net Cash Proceeds received by any Group Member in relation to any allotment or issue of that Group Member's Equity Interests, but excluding any allotment or issue of shares by way of capitalisation of profits or reserves.

“**Net Cash Proceeds**” means the relevant proceeds after deducting: (a) any related reasonable expenses which are incurred by any Group Member to persons who are not members of the Group; and (b) any related Tax incurred and required to be paid by a Group Member.

- (b) Upon receipt of any Equity Issuance Proceeds and/or Distribution Proceeds by a Group Member, the Borrower shall promptly notify the Lender and, at the selection of the Lender which shall be communicated to the Borrower by three (3) Business Days' (or such other period as agreed by the Lender and the Borrower) prior written notice, the Borrower must immediately prepay the Loan in an amount equal to all or such portion of the relevant proceeds amount as selected by the Lender.
- (c) A prepayment made under this Clause 8.2 shall be applied towards satisfaction of the Borrower's obligations under Clause 6 (*Repayment*) in inverse chronological order.

**SECTION 5
COSTS OF UTILISATION**

9. INTEREST

9.1 Calculation of interest

The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) LIBOR.

9.2 Payment of interest

The Borrower shall pay accrued interest on the Loan on each Interest Payment Date.

9.3 Default interest

If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is two per cent. (2%) higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Lender (acting reasonably). Any interest accruing under this Clause 9.3 shall be immediately payable by the Borrower on demand by the Lender.

- (a) If any Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan:
 - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan; and
 - (ii) the rate of interest applying to the Unpaid Sum during that first Interest Period shall be two per cent. (2%) higher than the rate which would have applied if the Unpaid Sum had not become due.
- (b) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

9.4 Notification of rates of interest

The Lender shall promptly notify the Borrower of the determination of a rate of interest under this Agreement.

10. INTEREST PERIODS

10.1 Interest Periods

- (a) Each Interest Period for the Loan shall be six (6) Months, provided that an Interest Period for the Loan shall not extend beyond the Termination Date.
- (b) Each Interest Period for the Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.

10.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not or if such Interest Period is the final Interest Period).

11. CHANGES TO THE CALCULATION OF INTEREST

11.1 Market disruption

- (a) If a Market Disruption Event occurs in relation to the Loan for any Interest Period, then the rate of interest on the Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the rate notified to the Borrower by the Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to the Lender of funding the Loan from whatever source it may reasonably select.
- (b) In this Agreement “**Market Disruption Event**” means:
 - (i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available for the relevant currency and Interest Period; or
 - (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Lender notifies the Borrower that the cost to it of obtaining matching deposits in the applicable interbank market would be in excess of LIBOR.
- (c) If a Market Disruption Event occurs, the Lender shall promptly notify the Borrower thereof.

11.2 Alternative basis of interest or funding

If a Market Disruption Event occurs and the Lender or the Borrower so requires, the Lender and the Borrower shall enter into negotiations (for a period of not more than thirty (30) days) with a view to agreeing a substitute basis for determining the rate of

interest. For the avoidance of doubt, in the event that no substitute basis is agreed at the end of the thirty day period, the rate of interest shall continue to be determined in accordance with the terms of this Agreement.

11.3 **Break Costs**

- The Borrower shall, within five (5) Business Days of demand by the Lender, pay to the Lender its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.
- (a)
 - (b) The Lender shall, as soon as reasonably practicable after a demand by the Borrower, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

12. **FEES**

12.1 **Up-front fee**

The Borrower shall pay to the Lender an up-front fee in the amount of US\$1,500,000 within two (2) Months from the Utilisation Date.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

13. TAX GROSS-UP AND INDEMNITIES

13.1 Definitions

(a) In this Agreement:

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

“**Tax Payment**” means an increased payment made by the Borrower to the Lender under Clause 13.2 (*Tax gross-up*) or a payment under Clause 13.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 13 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

13.2 Tax gross-up

(a) The Borrower shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Lender accordingly. Similarly, the Lender shall notify the Borrower on becoming so aware in respect of a payment payable to it.

(c) If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower making that Tax Deduction shall deliver to the Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

13.3 Tax indemnity

- The Borrower shall, within three (3) Business Days of demand (or such other period as agreed by the Lender and the Borrower), pay to the Lender an amount equal to the loss, liability or cost which the Lender determines will be or has been (directly or indirectly) suffered for or on account of Tax by it in respect of a Finance Document.
- (a)
- (b) Paragraph (a) above shall not apply with respect to any Tax assessed on the Lender:
- (i) under the law of the jurisdiction in which the Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Lender is treated as resident for tax purposes; or
 - (ii) under the law of the jurisdiction in which the Lender's Facility Office is located in respect of amounts received or receivable in that jurisdiction,
- if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Lender.
- (c) If the Lender makes or intends to make a claim under paragraph (a) above, it shall promptly notify the Borrower of the event which will give, or has given, rise to the claim.

13.4 Tax Credit

If the Borrower makes a Tax Payment and the Lender determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and
- (b) the Lender has obtained, utilised and retained that Tax Credit,

the Lender shall pay an amount to the Borrower which the Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower.

13.5 Stamp taxes

The Borrower shall pay and, within five (5) Business Days of demand, indemnify the Lender against any cost, loss or liability the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

13.6 Indirect tax

- (a) All consideration expressed to be payable under a Finance Document by the Borrower to the Lender shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any the Lender to the

Borrower in connection with a Finance Document, the Borrower shall pay to the Lender (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

- (b) Where a Finance Document requires the Borrower to reimburse the Lender for any costs or expenses, the Borrower shall also at the same time pay and indemnify the Lender against all Indirect Tax incurred by the Lender in respect of the costs or expenses to the extent that the Lender reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

14. INCREASED COSTS

14.1 Increased costs

- (a) Subject to Clause 14.3 (*Exceptions*) the Borrower shall, within three (3) Business Days (or such other period as agreed by the Lender and the Borrower) of a demand by the Lender, pay to the Lender the amount of any Increased Costs incurred by it or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

- (b) In this Agreement “**Increased Costs**” means:

- (i) a reduction in the rate of return from the Facility or on the Lender’s (or its Affiliates’) overall capital;
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into its Commitment or funding or performing its obligations under any Finance Document.

14.2 Increased cost claims

- (a) If the Lender intends to make a claim pursuant to Clause 14.1 (*Increased costs*), it shall promptly notify the Borrower of the event giving rise to the claim.
- (b) The Lender shall, as soon as practicable after a demand by the Borrower, provide a certificate confirming the amount of its Increased Costs and a reasonable explanation of such costs.

14.3 Exceptions

- (a) Clause 14.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (i) attributable to a Tax Deduction required by law to be made by the Borrower;
compensated for by Clause 13.3 (*Tax indemnity*) (or would have been compensated for under
 - (ii) Clause 13.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 13.3 (*Tax indemnity*) applied); or
 - (iii) attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.
- (b) In this Clause 14.3, a reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 13.1 (*Definitions*).

15. OTHER INDEMNITIES

15.1 Currency indemnity

- If any sum due from the Borrower under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
- (i) making or filing a claim or proof against the Borrower;
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within three (3) Business Days (or such other period as agreed by the Lender and the Borrower) of demand, indemnify the Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

15.2 Other indemnities

The Borrower shall, within five (5) Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:

- (a) the occurrence of any Event of Default;
- (b) investigating any event which it reasonably believes is a Default;
- (c) any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Borrower or with respect to the transactions contemplated or

financed under this Agreement (other than by reason of wilful default or gross negligence by the Lender);

- (d) a failure by the Borrower to pay any amount due under a Finance Document on its due date or in the relevant currency;
- (e) funding, or making arrangements to fund, the Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of wilful default or gross negligence by the Lender alone); or
- (f) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

16. MITIGATION BY THE LENDER

16.1 Mitigation

The Lender shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 13 (*Tax gross-up and indemnities*) or Clause 14 (*Increased costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

- (a) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Finance Documents.

16.2 Limitation of liability

- (a) The Borrower shall indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause 16.1 (*Mitigation*).
- (b) The Lender is not obliged to take any steps under Clause 16.1 (*Mitigation*) if, in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

17. COSTS AND EXPENSES

17.1 Transaction expenses

The Borrower shall within five (5) Business Days on demand pay the Lender the amount of all costs and expenses (including legal fees, capped at an aggregate amount of US\$150,000) reasonably incurred by it in connection with the negotiation, preparation, printing and execution of:

- (a) this Agreement and any other documents referred to in this Agreement; and
- (b) any other Finance Documents executed after the date of this Agreement.

17.2 **Amendment costs**

If (a) the Borrower requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 25.6 (*Change of currency*), the Borrower shall, within three (3) Business Days (or such other period as agreed by the Lender and the Borrower) of demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) reasonably incurred by the Lender in responding to, evaluating, negotiating or complying with that request or requirement.

17.3 **Enforcement costs**

The Borrower shall within three (3) Business Days (or such other period as agreed by the Lender and the Borrower) of demand, pay to the Lender the amount of all costs and expenses (including legal fees) incurred by the Lender in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceeding instituted by or against the Lender as a consequence of taking or holding the Transaction Security or enforcing these rights.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

18. REPRESENTATIONS

18.1 General

The Borrower makes the representations and warranties set out in this Clause 18 to the Lender.

18.2 Status

(a) Each Group Member is a corporation, duly incorporated or established and validly existing and in good standing (if applicable) under the laws of its jurisdiction of incorporation or establishment.

(b) Each Group Member has the power to own its assets and carry on its business as it is being conducted.

18.3 Binding obligations

Subject to the Legal Reservations, the obligations expressed to be assumed by each Obligor in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations.

18.4 Non-conflict with other obligations

The entry into and performance by each Obligor of, and the transactions contemplated by, the Finance Documents to which it is a party do not and will not conflict with:

(a) (in case of each Personal Guarantor, subject to paragraph (c) of the definition of “Legal Reservations”) any law or regulation applicable to it;

(b) (in case of each Obligor other than the Personal Guarantors) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

18.5 Power and authority

(a) Each Obligor has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents (in case of each Personal Guarantor, subject to paragraph (c) of the definition of “Legal Reservations”).

(b) No limit on any Obligor’s powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

18.6 **Validity and admissibility in evidence**

- (a) All Authorisations (in case of each Personal Guarantor, subject to paragraph (c) of the definition of “Legal Reservations”) required or desirable:
- (i) to enable each Obligor lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
 - (ii) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

- (b) All Authorisations necessary for the conduct of the business, trade and ordinary activities of the Group Members have been obtained or effected and are in full force and effect if failure to obtain or effect those Authorisations has or might reasonably be expected to have a Material Adverse Effect.

18.7 **Governing law and enforcement**

Subject to the Legal Reservations:

- (a) the choice of governing law of the Finance Documents to which each Obligor is a party will be recognised and enforced in its jurisdiction of incorporation; and
- (b) any judgment obtained in relation to a Finance Document to which each Obligor is a party will be recognised and enforced in its jurisdiction of incorporation.

18.8 **No filing or stamp taxes**

Under the laws of each Obligor’s jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

18.9 **Deduction of Tax**

No Obligor is required to make any deduction for or on account of Tax from any payment made under any Finance Document to which it is party.

18.10 **No default**

- (a) No Default is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination

or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any Group Member or to which its (or any of its Subsidiaries') assets are subject which has or might reasonably be expected to have a Material Adverse Effect.

18.11 No misleading information

- (a) All material information provided to the Lender in writing by or on behalf of the Borrower in connection with the Acquisition and/or the Target Group on or before the date of this Agreement and not superseded before that date is accurate and not misleading in any material respect as at the date it was provided, and all projections provided to the Lender in writing on or before the date of this Agreement have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied.
- (b) All other written information provided by any Group Member (including its advisers) to the Lender was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

18.12 Original Financial Statements

- (a) The Original Financial Statements were prepared in accordance with the Applicable GAAP consistently applied unless expressly disclosed to the Lender in writing to the contrary before the date of this Agreement.
- (b) The Original Financial Statements give a true and fair view of the Target's consolidated financial condition and results of operations during the relevant financial year.
- (c) There has been no material adverse change in the Target's assets, business or financial condition since the date of Original Financial Statements.
- (d) The Group's most recent financial statements delivered pursuant to Clause 19.1 (*Financial Statements*):
 - (i) have been prepared in accordance with the Applicable GAAP as applied to the Original Financial Statements; and
 - (ii) give a true and fair view of (if audited) or fairly present (if unaudited) its financial condition as at the end of, and results of operations for, the period to which they relate (consolidated where applicable).
- (e) The budgets and forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied.
- (f) Since the date of the most recent financial statements delivered pursuant to Clause 19.1 (*Financial Statements*) there has been no material adverse change in the business, assets or financial condition of the Group.

18.13 **Pari passu ranking**

Payment obligations of each Obligor under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law in its place of incorporation applying to companies generally.

18.14 **No immunity**

- (a) Each Obligor is subject to civil and commercial law with respect to its obligations under the Finance Documents.
- (b) The entry into and performance by each Obligor of the Finance Documents to which it is a party constitute private and commercial acts.
- (c) Neither the Obligors nor any of their respective assets enjoy any right of immunity from set-off, suit, execution, attachment or legal process.

18.15 **No proceedings pending or threatened**

Except for the litigation, arbitration, administrative proceedings or investigations of, or before, any court, arbitral body or agency, arising out of or in connection with the Acquisition and/or the Acquisition Documents as disclosed by the Borrower to the Lender in writing on or prior to the date on which the representation and warranty in this Clause 18.15 is made or deemed to be made (the “**Disclosed Litigations**”), no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, would reasonably be expected to have a Material Adverse Effect have, to the best of its knowledge and belief after having made due and careful enquiry, been started or threatened against any Group Member or its assets.

18.16 **No breach of laws**

- (a) No Group Member has breached any law or regulation which breach has or might reasonably be expected to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any Group Member which have or might reasonably be expected to have a Material Adverse Effect.

18.17 **Environmental laws**

- (a) Each Group Member is in compliance with Clause 21.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or might reasonably be expected to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any

Group Member where that claim has or might reasonably be expected, if determined against that Group Member, to have a Material Adverse Effect.

18.18 **Taxation**

- (a) No Group Member is materially overdue in the filing of any Tax returns or overdue in the payment of any amount of Tax.
- (b) To the best knowledge of each Obligor (after due and careful enquiry), no claims or investigations are being, or are reasonably likely to be, made or conducted against any Group Member with respect to Taxes.
- (c) Each Group Member is resident for Tax purposes only in the jurisdiction of its incorporation.

18.19 **Holding Companies**

No Group Member (other than the Operating Companies) trades, carries on any business or owns any assets or incurs any liabilities except for:

- (a) the provision of administrative services (excluding treasury services) to other Group Members of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of shares in its Subsidiaries, intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts and cash; or
- (c) any liabilities under the Transaction Documents to which it is a party and professional fees and administration costs in the ordinary course of business as a holding company.

18.20 **Good title to assets**

Each Group Member has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

18.21 **Shares**

The shares of each Group Member are validly issued and fully paid.

18.22 **Intellectual Property**

Each Group Member:

- (a) is the sole legal and beneficial owner of or has had licensed to it on normal commercial terms all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business;
- (b) does not, in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which, if subject to dispute and adversely

determined, has or might reasonably be expected to have a Material Adverse Effect; and

- (c) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

18.23 **Group Structure Chart**

- (a) Assuming the Acquisition Effective Time has occurred, the Group Structure Chart is true, complete and accurate in all material respects and shows the following information:

- (i) each Group Member and each Target Group Member, including current name and company registration number, its jurisdiction of incorporation and/or establishment, a list of shareholders and indicating whether a company is a dormant subsidiary or is not a company with limited liability; and

- (ii) all minority interests in any Group Member or Target Group Member and any person in which any Group Member or Target Group Member holds shares in its issued share capital or equivalent ownership interest of such person.

- (b) All necessary intra-Group loans, transfers, share exchanges and other steps resulting in the Group structure immediately following the Acquisition Effective Time are set out in the Group Structure Chart and have been or will be taken in compliance with all relevant laws and regulations and all requirements of relevant regulatory authorities.

18.24 **Insurance**

- (a) Each Group Member maintains insurances on and in relation to its business and assets against those risks and to the extent usually insured by prudent companies located in the same or similar location and carrying on a similar business.

- (b) All insurances of each Group Member are with reputable independent insurance companies or underwriters

18.25 **Pensions**

Each Group Member is in compliance with all obligations in respect of pensions operated by or maintained for the benefit of the Group in any respect which has or might reasonably be expected to have a Material Adverse Effect.

18.26 **Acquisition Documents, disclosures and other Documents**

- (a) The Acquisition Documents contain all the terms of the Acquisition and remain effective.

- (b) No default under the Acquisition Documents is continuing or is reasonably likely to result from the making of the Loan or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (c) To the best of its knowledge, no representation or warranty given by any party to the Acquisition Documents is untrue or misleading in any material respect.

18.27 **Repeating representations and warranties under the Acquisition Documents**

In so far as the Borrower is aware (having made due and careful enquiry), each of the representations and warranties of the Borrower set forth in the Acquisition Documents to which the Borrower is a party is true and correct in all material respects.

18.28 **Margin Stock**

Neither the making of the Utilisation nor the use of the proceeds of the Loan will violate or be inconsistent with the provisions of U.S. Regulation T, U or X of the Board of Governors of the Federal Reserve System from time to time in effect or any successor to all or a portion thereof.

18.29 **Investment Company Act**

No Obligor, nor any of its Subsidiaries, is an “investment company”, or is “controlled” by an “investment company”, within the meaning of the U.S. Investment Company Act of 1940, as amended.

18.30 **Times when representations made**

- (a) All the representations and warranties in this Clause 18 are made by the Borrower on the Signing Date and the Acquisition Closing Date.
- (b) The Repeating Representations are deemed to be made by the Borrower on the date of the Utilisation Request, on the Utilisation Date and on the first day of each Interest Period (except that those contained in paragraphs (a) – (c) of Clause 18.12 (*Original Financial Statements*) will cease to be so made once subsequent financial statements have been delivered under this Agreement).
- (c) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

19. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or the Total Commitment is in force.

19.1 **Financial statements**

The Borrower shall supply to the Lender:

- (a) as soon as they are available, but in any event within one hundred and twenty (120) days after the end of each of their respective financial years, the audited consolidated financial statements of the Group and the audited consolidated financial statements of the Target Group for that financial year; and
- (b) as soon as they are available, but in any event within ninety (90) days after the end of each half of each of their respective financial years, the unaudited consolidated financial statements of the Group and the unaudited consolidated financial statements of the Target Group for that financial half year.

19.2 Provision and contents of Compliance Certificates

- (a) The Borrower shall supply to the Lender, with each set of financial statements delivered pursuant to Clause 19.1 (*Financial statements*) a Compliance Certificate which shall, amongst other things, set out:
 - (i) (in reasonable detail) computations as to compliance with Clause 20 (Financial covenants); and
 - (ii) where there has been any change in the structure of the Group or Target Group since the provision of the last Group Structure Chart, an updated Group Structure Chart setting out the structure of the Group or Target Group as at the date of the delivery of such Group Structure Chart.
- (b) Each Compliance Certificate shall be signed by a director of the Borrower.

19.3 Requirements as to financial statements

- Each set of financial statements delivered by the Borrower pursuant to Clause 19.1 (*Financial statements*) shall be certified by one (1) director of the Borrower as giving a true and fair view of (in the case of annual Financial Statements for any financial year), or fairly representing (in other cases), the financial condition and operations (consolidated where applicable) of the relevant companies as at the date as at which those financial statements were drawn up;
- (a)

- The Borrower shall procure that each set of financial statements delivered pursuant to Clause 19.1 (*Financial statements*) is prepared using Applicable GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the relevant Original Financial Statements unless, in relation to any set of financial statements, (i) it notifies the Lender that there has been a change in such Applicable GAAP, accounting practices or reference periods and (ii) the relevant Auditors deliver to the Lender a description of any change necessary for those financial statements to reflect Applicable GAAP, accounting practices or reference periods upon which the relevant Original Financial Statements were prepared.
- (b)

For the purposes of this Agreement, any change in Applicable GAAP made in accordance with this paragraph (b) shall apply to the definition of Applicable GAAP as set out at Clause 1.1 (*Definitions*) at any time following such change

(and until any subsequent change in Applicable GAAP in accordance with this Clause 19.3).

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

- (c) If the Lender wishes to discuss the financial position of any Group Member with the relevant Auditors, the Lender may notify the Borrower, stating the questions or issues which the Lender wishes to discuss with the Auditors. In this event, the Borrower must ensure that such Auditors are authorised (at the expense of the Borrower):
- (i) to discuss the financial position of that Group Member with the Lender with respect to such questions or issues; and
 - (ii) to disclose to the Lender any information which the Lender may reasonably request with respect to such questions or issues.

19.4 **Information: miscellaneous**

The Borrower shall supply to the Lender:

- (a) all documents dispatched by the Borrower to its creditors generally, or to its shareholder(s), or by the Target to the Borrower, in each case at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any Group Member and arising out of or in connection with the Acquisition and/or the Acquisition Documents;
- (c) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings (other than those set forth under paragraph (b) above) which are current, threatened or pending against any Group Member, and which, if adversely determined, might reasonably be expected to have a Material Adverse Effect; and
- (d) promptly on request, such further information regarding the financial condition, assets and operations of the Group and/or any Target Group Member.

19.5 **Notification**

- (a) The Borrower shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (b) If the Lender reasonably believes a Default has occurred, the Borrower shall, upon a request by the Lender, promptly supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

19.6 “Know your customer” checks

If:

- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement; or
- (b) any change in the status of the Borrower after the date of this Agreement; or
- (c) a proposed assignment or transfer by the Lender of its rights and obligations under this Agreement,

obliges the Lender or, in the case of paragraph (c) above, any prospective new Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or, in the case of the event described in paragraph (c) above, any prospective new Lender) to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

20. FINANCIAL COVENANTS

20.1 Financial Condition

Unless otherwise agreed in writing by the Lender, the Borrower shall ensure that at the end of each Relevant Period for so long as the Facility remains outstanding:

- (a) the Consolidated Tangible Net Worth shall not be less than RMB3,000,000,000; and
- (b) the ratio of the Consolidated Total Liabilities to the Consolidated Tangible Net Worth for such Relevant Period shall not be more than 3.0:1.0; and
- (c) the ratio of Consolidated EBITDA to the Consolidated Finance Charges for such Relevant Period shall not be less than 2.5:1.0;

For the avoidance of doubt, any Permitted Facilities advanced to a Group Member for the purposes of a refinancing of the Existing Target Facilities shall be excluded from the calculation of (a) and (b) above during the period from the entering into of such Permitted Facilities and the discharge of the Existing Target Facilities subject to such refinancing.

20.2 Financial testing

The financial covenants set out in Clause 20.1 (*Financial Condition*) shall be tested by reference to the financial statements and Compliance Certificates delivered pursuant to Clause 19.1 (*Financial statements*) and Clause 19.2 (*Provision and contents of Compliance Certificates*) in respect of the Relevant Period.

20.3 Definitions and Interpretation

(a) In this Clause 20:

“**Borrowings**” means, at any time, the outstanding principal, capital or nominal amount and (any fixed or minimum premium payable on prepayment or redemption thereof) for or in respect of Financial Indebtedness (other than in respect of derivative transactions for which the marked to market value shall be used) and the aggregate nominal value of any redeemable shares which are redeemable before the Termination Date;

“**Consolidated EBITDA**” means, for any Relevant Period, the consolidated operating profits of the Group before taxation for that Relevant Period:

- (i) **before deducting** any amount attributable to amortisation of goodwill or depreciation of tangible assets;
- (ii) **before deducting** any Consolidated Finance Charges;
- (iii) **before taking into account** any items or costs treated as exceptional or extraordinary items; and
- (iv) **after deducting** the amount of any profit of any Group Member which is attributable to minority interests,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the profits of the Group from ordinary activities before taxation.

“**Consolidated Finance Charges**” means, for any Relevant Period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings whether accrued, paid or payable and whether or not capitalised by any Group Member in respect of that Relevant Period:

- (i) **excluding** any such obligations owed to any other Group Member; and
- (ii) **including** the interest element of leasing and hire purchase payments.

“**Consolidated Total Liabilities**” means at any time the aggregate of all indebtedness which would be treated as a liability of the Target Group in accordance with the Applicable GAAP including any amount raised by the issuance of redeemable shares which are redeemable before the Termination Date and excluding any indebtedness owed to any other member of the Target Group.

“**Consolidated Tangible Net Worth**” means, with respect to the Target Group on a consolidated basis, at any time the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Target and the amount standing to the credit of the reserves of the Target Group, including any amount credited to the share premium account, after deducting:

- (i) any debit balance on the consolidated profit and loss account of the Target Group;
- (ii) (to the extent included) any amount shown in respect of goodwill (including goodwill arising only on consolidation) or other intangible assets of the Target Group;
- (iii) any amount in respect of interests of non-Group members in any Target Group Member subsidiaries;
- (iv) (to the extent included) any provision for deferred taxation;
- (v) (to the extent included) any amounts arising from an upward revaluation of assets made at any time after December 31, 2010; and
- (vi) any amount in respect of any dividend or distribution declared, recommended or made by any Target Group Member to the extent payable to a person who is not a Target Group Member and to the extent such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once.

“**Relevant Period**” means each period of twelve months ending on (a) the last day of the financial year of the Group or the Target Group (as the case may be); and (b) on the last day of the first half of the financial year of the Group or the Target Group (as the case may be).

- Unless otherwise stated therein, all definitions in paragraph (a) above shall be determined and calculated
- (b) on a consolidated basis with respect to the Group and shall be construed in accordance with Applicable GAAP (if applicable).

21. GENERAL UNDERTAKINGS

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or the Total Commitment is in force.

21.1 Authorisations

The Borrower shall (and shall ensure that each Group Member will) promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) in the case of paragraph (i) and (ii) below, supply certified copies to the Lender of, any Authorisation required under any law or regulation of its jurisdiction of incorporation:

- (i) to enable it to perform its obligations under the Transaction Documents to which it is party,
- (ii) to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Transaction Document to which it is party, and
- (iii) to carry on its business where failure to do so has or might reasonably be expected to have a Material Adverse Effect.

21.2 **Compliance with laws**

The Borrower shall remain in good standing (if applicable) and shall (and shall ensure that each Group Member will) comply in all respects with all laws (including without limitation all applicable financial assistance legislations) to which it may be subject, if failure so to comply has or might reasonably be expected to have a Material Adverse Effect.

21.3 **Environmental compliance**

The Borrower shall (and shall ensure that each Group Member will):

- (a) comply with all Environmental Law;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Permits; and
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or might reasonably be expected to have a Material Adverse Effect.

21.4 **Environmental claims**

The Borrower shall, (and shall ensure that each Group Member will), promptly upon becoming aware of the same, inform the Lender in writing of:

- (a) any Environmental Claim which has been commenced or, to the best of such Obligor's knowledge and belief (after due and careful enquiry), is threatened against any Group Member; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Group Member,

where the claim, if determined against that Group Member, has or might reasonably be expected to have a Material Adverse Effect.

21.5 Taxation

- (a) The Borrower shall (and shall ensure that each Group Member will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes; and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or might reasonably be expected to have a Material Adverse Effect.
- (b) No Group Member shall change its residence for Tax purposes.

21.6 Merger

- Except for the Acquisition, the Borrower shall not (and shall ensure that no other Group Member will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction without the prior consent of the Lender, save that no such prior consent shall be required for a solvent reorganization or restructuring and only to the extent that the same would not and is not reasonably expected to have a Material Adverse Effect on the business, operations, assets, financial condition or operating results of the Target Group taken as a whole, the ability of any Obligor to perform its obligations under the Finance Documents to which it is a party, or the validity or enforceability of any of the Finance Documents (provided that, if so requested by the Lender (acting reasonably), the relevant Obligor shall provide the Lender with legal opinions in respect of such reorganization or restructuring in form and substance satisfactory to it (acting reasonably)).
- (a)

- (b) The Borrower shall not (and shall ensure that no other Group Member will) settle any litigation, arbitration or administrative proceedings which is arising out of or in connection with the Acquisition and/or the Acquisition Documents and has or might reasonably be expected to have a Material Adverse Effect, without prior consent of the Lender (which shall not be unreasonably withheld).

21.7 Change of business

The Borrower shall procure that no substantial change is made to the general nature of the business of the Target Group taken as a whole from that carried on by the Target Group at the date of this Agreement.

21.8 Debt Service Reserve Account

- (a) The Borrower shall, prior to the Utilisation Date, open, and at all times maintain in its own name, the Debt Service Reserve Account.
- (b) The Borrower shall, promptly upon receipt, deposit all proceeds received from dividends or otherwise (except for any proceeds of the Utilisation and any

equity capital contribution by the Sponsor to the Borrower as referred to under paragraph (a)(iii) of Clause 4.2 (*Further conditions precedent*) into the Debt Service Reserve Account.

- (c) The Borrower shall ensure that from and including the 30th day prior to each Interest Payment Date or Repayment Date to and including that Interest Payment Date or Repayment Date, the total amount standing to the credit of the Debt Service Reserve Account is no less than the Required Reserve Balance of that Interest Payment date or Repayment Date. The Lender shall on the Utilisation Date, each Interest Payment Date and each Repayment Date notify the Borrower of the Required Reserve Balance for the next Interest Payment Date or Repayment Date; provided that the Lender's failure to notify the Borrower of the Required Reserve Balance as of a particular date will not release the Borrower from its obligation to retain funds in the Debt Service Reserve Account and the Required Interest Reserve Balance applicable immediately prior to such Interest Payment Date or Repayment Date shall continue to apply until the Lender notifies the Borrower of an alternative Required Reserve Balance.

21.9 Negative pledge

Except as permitted under paragraph (c) below:

- (a) No Group Member shall create or permit to subsist any Security over any of its assets.
- (b) No Group Member shall:
- (i) dispose of any of its receivables on recourse terms;
 - (ii) dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any other Group Member;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset. A transaction referred to in this paragraph (b) is termed "**Quasi-Security**".

- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
- (i) Permitted Security;
 - (ii) Transaction Security; or

- (iii) any Security created by an Operating Company (other than a Security over the Equity Interest of any of its Subsidiaries).

21.10 **Holding Companies**

The Borrower shall not (and shall ensure no other Group Member (other than the Operating Companies) will) trade, carry on any business, own any assets or incur any liabilities except for:

- (a) the provision of administrative services (excluding treasury services) to other Group Members of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of shares in its Subsidiaries, intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts and cash; or
- (c) any liabilities under the Transaction Documents to which it is a party and professional fees and administration costs in the ordinary course of business as a holding company.

21.11 **Preservation of assets**

The Borrower shall (and shall ensure that each Group Member will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business.

21.12 **Arm's-length terms**

The Borrower shall not (and shall ensure that no other Group Member will) enter into (a) any transaction with any Affiliate or related person; or (b) any joint venture with any person, other than on arm's-length terms and for full market value.

21.13 **Disposals**

- (a) Except as provided in paragraph (c) below, the Borrower shall not (and shall ensure that no other Group Member will), either in a single transaction or in a series of transactions and whether related or not, dispose of all or any material part of its assets.
- (b) Except as provided in paragraph (c) below, the Borrower shall ensure that no Target Group Member will dispose of any Equity Interest of its Subsidiaries.
- (c) Paragraphs (a) and (b) above do not apply to any disposal:
 - (i) which constitutes a Permitted Disposal; or
 - (ii) made with the prior written consent of the Lender.

21.14 Loans out

- (a) Except as provided below, the Borrower shall not (and shall ensure that no other Group Member will) be the creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) does not apply to:
 - (i) trade credit extended by Group member on normal commercial terms and in the ordinary course of its trading activities; or
 - (ii) any deposit placed with a bank or financial institution in accordance with the provisions of the Finance Documents.

21.15 No Guarantees or indemnities

- (a) Except as permitted under paragraph (b) below, the Borrower shall not (and the Borrower shall ensure that no Group Member will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) does not apply to a guarantee which is:
 - (i) the endorsement of negotiable instruments in the ordinary course of trade;
 - (ii) any performance or similar bond guaranteeing performance by a Group Member under any contract entered into in the ordinary course of trade; or
 - (iii) granted under the Finance Documents.

21.16 Dividends and share redemption

- (a) The Borrower shall ensure that each other Group Member declares the legally permissible amount of dividends and/or distributions in each financial year to enable the Borrower to repay or prepay the Facility in accordance with Clause 8 (*Mandatory Prepayment*).
- (b) Except as prescribed under paragraph (a) above, the Borrower shall not:
 - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
 - (ii) repay or distribute any dividend or share premium reserve;
 - (iii) pay or allow any Group Member to pay any management, advisory or other fee to or to the order of the Sponsor; or
 - (iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.

21.17 Financial Indebtedness

- Except as permitted under paragraph (b) below and under Clause 21.28 (*Treasury transactions*), the
- (a) Borrower shall not (and shall ensure that no other Group Member (other than the Operating Companies) will) incur or remain liable under any Financial Indebtedness.
 - (b) Paragraph (a) above does not apply to Financial Indebtedness which is:
 - (i) Financial Indebtedness under any of the Permitted Facilities;
 - (ii) Subordinated Indebtedness incurred by the Borrower; or
 - (iii) incurred with the prior written consent of the Lender.

21.18 Share capital

The Borrower must not (and shall ensure that no other Group Member will) issue any Equity Interests except for the issuance of any Equity Interests which does not result in a Change of Control and provided that the proceeds from such issuance are applied directly towards prepayment of the Facility in accordance with Clause 8 (*Mandatory Prepayment*).

21.19 Pari passu ranking

The Borrower shall ensure that at all times any unsecured and unsubordinated claims of the Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

21.20 Acquisition Documents

- (a) The Borrower shall promptly pay all amounts payable by it under the Acquisition Documents as and when they become due (except to the extent that any such amounts are being contested in good faith by the Borrower and where adequate reserves are set aside for any such payment).
- (b) The Borrower shall take all reasonable and practical steps to preserve and enforce its rights and pursue any claims and remedies arising under the Acquisition Documents.

21.21 Insurance

- (a) The Borrower shall (and shall ensure that each Group Member will) maintain insurances on and in relation to its business and assets against those risks and to the extent usually insured by prudent companies located in the same or similar location and carrying on a similar business.
- (b) All insurances must be with reputable independent insurance companies or underwriters.

21.22 Pensions

The Borrower shall ensure it and other Group Members are in compliance with all obligations in respect of pensions operated by or maintained for the benefit of the Group or its employees where failure to so comply has or might reasonably be expected to have a Material Adverse Effect.

21.23 Access

If an Event of Default is continuing or the Lender reasonably suspects an Event of Default is continuing or may occur, the Borrower shall ensure that each Group Member will (not more than once in every financial year unless the Lender reasonably suspects an Event of Default is continuing or may occur) permit the Lender and/or accountants or other professional advisers and contractors of the Lender free access at all reasonable times and on reasonable notice at the risk and cost of the Borrower to (a) the premises, assets, books, accounts and records of each Group Member and (b) meet and discuss matters with senior management.

21.24 Auditors

No Group Member may replace the Auditors, unless the new auditor to be appointed is any of Deloitte & Touche, PricewaterhouseCoopers, Ernst & Young and KPMG.

21.25 Intellectual Property

The Borrower shall (and shall procure that each Group Member will):

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant Group Member;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any Group Member to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (a) and (b) above, or, in the case of paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, has or would reasonably be expected to have a Material Adverse Effect.

21.26 Amendments

- (a) The Borrower shall not (and shall ensure that no Group Member will) amend, vary, novate, supplement, supersede, waive or terminate any term of a Transaction Document or any other document delivered to the Lender pursuant to Clause 4.1 (*Initial conditions precedent*) except:
- (i) in accordance with the provisions of Clause 31 (*Amendments and Waivers*);
 - (ii) prior to or on the Acquisition Closing Date, with the prior written consent of the Lender; or
 - (iii) after the Acquisition Closing Date, in a way which could not be reasonably expected materially and adversely to affect the interests of the Lender.
- (b) The Borrower shall promptly supply to the Lender a copy of any document relating to any of the matters referred to in paragraphs (i) to (iii) above.

21.27 No restriction on dividends

The Borrower shall procure that no Group Member will enters into, incurs or permits to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Group Member to pay dividends or other distributions with respect to any of its equity interests save for this Agreement and any restrictions and conditions imposed by law.

21.28 Treasury transactions

The Borrower shall not (and shall ensure that no Group Member will) enter into any Treasury Transactions, except for those entered into to hedge actual or projected interest or forward exposures arising in the ordinary course of trading and not for speculative purposes.

21.29 No restriction on share transfer

The Borrower shall ensure that the constitutional documents of it or the Target do not, and are not amended or varied in a manner which, restricts or otherwise prohibits the transferability of the shares in the Borrower or the Target or confers any right of pre-emption, tag along or other similar rights on any person or which could reasonably be expected to adversely affect the interests of the Lender under any Security Documents.

21.30 Delisting

The Borrower shall ensure that the Target Shares are delisted from the New York Stock Exchange and Nasdaq Dubai within sixty (60) days after the Acquisition Effective Time and deregistered under the Securities Exchange Act of 1934, as amended, within one hundred (100) days after the Acquisition Effective Time.

21.31 **Non-disclosure**

Unless and to the extent that disclosure is required under the applicable laws, regulations or rules of the relevant stock exchanges, the Borrower shall not (and shall ensure that no Group Member will) disclose the Facility or any content of the Finance Documents to any person other than their legal and financial advisors for the purposes of negotiation, preparation and execution of the Finance Documents without the prior written consent of the Lender.

21.32 **Change in Financial Year**

The Borrower shall not, and shall procure that no other Group Member will, change its financial year without the prior written consent of the Lender.

21.33 **Waiver of Crown Immunity**

To the extent that the Borrower may in any jurisdiction claim for itself or its assets or revenues crown immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself, its assets or revenues such immunity (whether or not claimed), the Borrower irrevocably agrees not to claim, and irrevocably waives, such crown immunity to the full extent permitted by the laws of such jurisdiction.

22. **EVENTS OF DEFAULT**

Each of the events or circumstances set out in this Clause 22 is an Event of Default (save for Clause 22.16 (*Acceleration*)).

22.1 **Non-payment**

The Borrower fails to pay on the due date any amount payable pursuant to a Finance Document to which it is a party at the place and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by administrative or technical error; and
- (b) payment is made within three (3) Business Days of its due date.

22.2 **Financial covenants**

Any requirement of Clause 20 (*Financial covenants*) is not satisfied.

22.3 **Other obligations**

- (a) An Obligor fails to comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 22.1 (*Non-payment*) and Clause 20 (*Financial covenants*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of

the Lender giving notice to the Borrower or the Borrower becoming aware of the failure to comply.

22.4 **Misrepresentation**

Any representation or statement made or deemed to be made by the Borrower in the Finance Documents or any other document delivered by or on behalf of any Group Member under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.

22.5 **Cross default**

- (a) Any Financial Indebtedness of any Group Member is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Group Member is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any Group Member is cancelled or suspended by a creditor of any Group Member as a result of an event of default (however described).

- (d) Any creditor of any Group Member becomes entitled to declare any Financial Indebtedness of any Group Member due and payable prior to its specified maturity as a result of an event of default (however described).

- (e) No Event of Default will occur under this Clause 22.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness for the Group Members taken as a whole falling within paragraphs (a) to (d) above is less than US\$12,000,000 (or its equivalent in any other currency or currencies).

22.6 **Insolvency**

- (a) Any Group Member is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any Group Member is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Group Member.

22.7 **Insolvency proceedings**

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Group Member, other than a solvent liquidation or reorganisation of any Group Member where the proceeds are paid to its Holding Companies in proportion to such Holding Companies' direct equity interest in such member (provided that the same would not have a Material Adverse Effect) (a “**Solvent Liquidation**”);
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any Group Member;
 - (iii) the appointment of a liquidator, provisional liquidator (other than in respect of a Solvent Liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Group Member or any of its assets; or
 - (iv) enforcement of any Security over any assets of any Group Member,
- or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) shall not apply to:
 - (i) any winding-up petition which is being contested in good faith as frivolous or vexatious and is discharged, stayed or dismissed within sixty (60) days of commencement; or
 - (ii) any step or procedure contemplated by transactions conducted in the ordinary course of trading on arm's length terms.

22.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Group Member having an aggregate value (for the Group Members taken as a whole) of US\$12,000,000 (or its equivalent in any other currency or currencies).

22.9 Unlawfulness and invalidity

- (a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents to which it is a party (in case of each Personal Guarantor, subject to paragraph (c) of the definition of “Legal Reservations”).
- (b) Any obligation or obligations of an Obligor under any Finance Documents to which it is a party are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lender under the Finance Documents (in case of each Personal Guarantor, subject to paragraph (c) of the definition of “Legal Reservations”).
- (c) Any Finance Document ceases to be in full force and effect.

22.10 Cessation of business

Any Group Member suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business or ceases to be in good standing (if applicable).

22.11 Audit qualification

The Auditors of the Group qualify the audited annual consolidated financial statements of the Group.

22.12 Expropriation

The authority or ability of any Group Member to conduct its business is wholly or substantially limited or curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any Group Member or any Target Group Member or any of its assets.

22.13 Repudiation and rescission of agreements

(a) An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document to which it is a party or evidences an intention to rescind or repudiate a Finance Document.

(b) Any party to the Acquisition Documents rescinds or purports to rescind or repudiates or purports to repudiate any of those agreements or instruments in whole or in part where to do so has or is, in the reasonable opinion of the Lender, likely to have a material adverse effect on its interests under the Finance Documents.

22.14 Litigation

(a) Any Disclosed Litigation is adversely determined and has or would reasonably be expected to have a Material Adverse Effect.

(b) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes arising out of or in connection with the Acquisition and/or the Acquisition Documents (other than the Disclosed Litigations) are commenced or threatened against any Group Member or its assets which is reasonably likely to be adversely determined and, if adversely determined, has or would reasonably be expected to have a Material Adverse Effect.

(c) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes (other than those set forth under paragraph (a) and (b) above) are commenced or threatened in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any Group Member or its assets which has or would reasonably be expected to have a Material Adverse Effect.

22.15 **Material adverse change**

Any event or circumstance occurs which the Lender reasonably believes has or would reasonably be expected to have a Material Adverse Effect.

22.16 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Lender may, by notice to the Borrower:

- (a) cancel the Total Commitment whereupon they shall immediately be cancelled;
- (b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;
- (c) declare that all or part of the Loan be payable on demand, whereupon they shall immediately become payable on demand by the Lender; and/or
- (d) exercise all or any of its rights, remedies, powers or discretions under the Finance Documents.

**SECTION 9
CHANGES TO PARTIES**

23. CHANGES TO THE LENDER

23.1 The Lender may, at any time, without the Borrower's prior consent, assign any of its rights and/or transfer all or any of its rights, benefits and/or obligations in respect of the Facility, for this purpose the Lender may make such disclosure in relation to the Facility subject to the terms set out in Clause 23.5.

23.2 If:

(a) the Lender assigns or transfers any of its rights or obligations under this Agreement pursuant to Clause 23.1 or changes its Facility Office; and

(b) as a result of the circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to the relevant bank or financial institution or the Lender acting through its other office under Clauses 13 (*Tax Gross Up and Indemnities*) or 14 (*Increased Costs*),

then the relevant bank or financial institution or the Lender acting through its other Facility Office is only entitled to receive payment under those clauses to the same extent as the Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

23.3 The Borrower acknowledges that any person to which the rights, benefits and/or obligations of the Lender may from time to time be so assigned or transferred shall be entitled to the benefit of this Agreement and each other Finance Document as if such person had constituted an original lender under this Agreement to the extent of such assignment or transfer.

23.4 The Borrower agrees that, save as expressly provided in this Clause 23, any assignment or transfer by the Lender, as the case may be, shall as regards the Borrower, be on such terms as are customary in the wholesale lending market in relation to assignments or transfers by the lenders and that they will at the expense of the Lender execute and deliver, or procure the execution and delivery of, such document(s) as may be reasonably required by the Lender to effect such assignment or transfer.

23.5 The Lender, its officers, and its agents, may disclose information (on a confidential basis) relating to, the Borrower or any Group Member and their account(s) and/or dealing relationship(s) with the Lender and the Finance Documents, including but not limited to details of the facilities, any Security taken, transactions undertaken and balances and positions with the Lender, as the Lender shall consider appropriate to:

(a) the head office of the Lender, any of its Subsidiaries or Subsidiaries of its Holding Company, Affiliates, representative and branch offices in any jurisdiction (the "**Permitted Parties**");

(b) professional advisers and service providers of the Permitted Parties who are under a duty of confidentiality to the Permitted Parties;

- (c) any actual or potential assignee, novatee, transferee, participant or sub-participant (on a confidential basis) in relation to any of the Lender's rights and/or obligations under any Finance Document (or any agent or adviser of any of the foregoing);
- (d) any rating agency, insurer or insurance broker of, or direct or indirect provider of credit protection to any Permitted Party;
- (e) any court or tribunal or regulatory, supervisory, governmental or quasi-governmental authority with jurisdiction over the Permitted Parties;
- (f) any other person with (or through) whom the Lender enters into (or may potentially enter into) any other transaction under which payments are to be made by reference to, this Agreement or the Borrower; and
- (g) any other person to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation.

23.6 The Borrower acknowledges the following:

- (a) the Borrower has received and read the Bank's Notice to Customers and Other Individuals relating to the Personal Data (Privacy) Ordinance and the Code of Practice on Consumer Credit Data; and
- (b) the Borrower has, or will, notify each of its Relevant Individuals, that the Lender may, in the course of providing banking services to the Borrower, receive Borrower information in respect of that Relevant Individual.

For the purpose of the above, a "**Relevant Individual**" is defined as being one of the following (but not limited to) Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, department heads, corporate officers (e.g. authorized signatories, company secretary etc.), directors, major shareholders, beneficial owners, and guarantors (where applicable).

24. **CHANGES TO THE BORROWER**

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents. Notwithstanding the foregoing, subject to the Lender's prior written consent (which shall not be unreasonably withheld), the Borrower may assign its rights or transfer its rights or obligations under the Finance Document to an Affiliate of the Borrower (the "**New Borrower**") pursuant to a restructuring for tax efficiency purposes, provided that:

- (a) the New Borrower is a limited liability company incorporated in Delaware, British Virgin Islands or Hong Kong;
- (b) the New Borrower beneficially holds (whether directly or indirectly) the same percentage of the Equity Interest of all the Operating Companies as the Borrower holds immediately before it assigns its rights or transfers its rights or obligations under the Finance Documents to the New Borrower; and

- (c) the Lender has received all of the documents and other evidence listed in Schedule 4 (*Documents Required to be Delivered by the New Borrower*), each in form and substance satisfactory to the Lender.

SECTION 10 ADMINISTRATION

25. PAYMENT MECHANICS

25.1 Payments between the Parties

- On each date on which the Borrower or the Lender is required to make a payment under a Finance Document, the Borrower or the Lender (as the case may be) shall make the same available to the recipient for value on the due date at the time and in such funds as are customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (a) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the recipient specifies.
- (b)

25.2 Partial payments

- If the Lender receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lender shall apply that payment towards the obligations of the Borrower under the Finance Documents in the following order:
- (a)
- (i) first, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under those Finance Documents;
 - (ii) secondly, in or towards payment pro rata of any principal due but unpaid under those Finance Documents; and
 - (iii) thirdly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) Paragraph (a) above will override any appropriation made by the Borrower.

25.3 No set-off by the Borrower

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

25.4 Business Days

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under paragraph (a) above, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

25.5 Currency of account

- (a) Subject to paragraphs (a) to (d) below, the US Dollar is the currency of account and payment for any sum due from the Borrower under any Finance Document.
- (b) A repayment of the Loan or Unpaid Sum or a part of the Loan or Unpaid Sum shall be made in the currency in which the Loan or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the US Dollar shall be paid in that other currency.

25.6 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the Borrower); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Lender (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice and otherwise to reflect the change in currency.

26. SET-OFF

The Lender may set off any matured obligation due from the Borrower under the Finance Documents (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

27. NOTICES

27.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

27.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Borrower, that identified with its name on the signature pages below; and
- (b) in the case of the Lender, that identified with its name on the signature pages below,

or any substitute address, fax number or department or officer as the Party may notify to the Lender (or the Lender may notify to the other Parties, if a change is made by the Lender) by not less than five (5) Business Days' notice.

27.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 27.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).
- (c) Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to the Borrower.

27.4 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.

- (b) All other documents provided under or in connection with any Finance Document must be:
- (i) in English; or
 - (ii) if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

28. CALCULATIONS AND CERTIFICATES

28.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

28.2 Certificates and Determinations

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

28.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the market practice differs, in accordance with that market practice.

29. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

30. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

31. **AMENDMENTS AND WAIVERS**

Any term of the Finance Documents may be amended or waived only with the consent of the Lender and the Borrower and any such amendment or waiver will be binding on all Parties.

32. **COUNTERPARTS**

Each Finance Document 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 the Finance Document.

SECTION 11
GOVERNING LAW AND ENFORCEMENT

33. GOVERNING LAW

This Agreement is governed by Hong Kong law.

34. ENFORCEMENT

34.1 Jurisdiction

- (a) The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) (a “**Dispute**”).
- (b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 34.1 is for the benefit of the Lender only. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

34.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, the Borrower:

- (a) irrevocably appoints JPS Consultants Limited (with its address at Room 2204, Tung Chiu Commercial Building, 193 Lockhart Rd., Wanchai, Hong Kong) as its agent for service of process in relation to any proceedings before the courts of Hong Kong in connection with any Finance Document; and
- (b) agrees that failure by a process agent to notify the Borrower of any process will not invalidate the proceedings concerned.

The Borrower expressly agrees and consents to the provisions of this Clause 34.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

CONDITIONS PRECEDENT

1. Corporate Documents

- (a) A copy of the constitutional documents of each Obligor (other than the Personal Guarantors).
- (b) A copy of the constitutional documents of the Target certified by one director of the Target.
- (c) A copy of a resolution of the board of directors of each Obligor (other than the Personal Guarantors):
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, the Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (d) A specimen of the signature of each person authorised by the resolution referred to in paragraph (c) above.
- (e) A certificate of the Borrower (signed by a director of the Borrower) confirming that:
 - (i) borrowing the Total Commitment would not cause any borrowing or similar limit binding on it to be exceeded; and
 - (ii) each copy document relating to it specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (f) A certificate of the Sponsor (signed by a director of the Sponsor) confirming that each copy document relating to it specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
- (g) A registered agent certificate issued by the registered agent of the Borrower in respect of the Borrower.

2. Legal opinions

- (a) A legal opinion of White & Case, legal advisers to the Lender in Hong Kong, substantially in the form distributed to the Lender prior to the Signing Date;

- (b) A legal opinion of White & Case, legal advisers to the Lender as to New York law governed Target Share Pledge, substantially in the form distributed to the Lender prior to the Signing Date.
- (c) A legal opinion of Walkers, legal advisers to the Lender in British Virgin Islands, substantially in the form distributed to the Lender prior to the Signing Date; and
- (d) A legal opinion of Skadden, Arps, Slate, Meagher & Flom, legal advisers to the Borrower in the Delaware, substantially in the form distributed to the Lender prior to the Signing Date.

3. Transaction Documents

- (a) A copy of each of the Transaction Documents (other than the Finance Documents) executed by the parties to those documents.
- (b) The Finance Documents (together with all ancillary documents relating thereto), each duly executed and delivered by all parties thereto.

4. The Acquisition

- (a) Evidence that the Acquisition has been approved by (x) the Special Committee of the board of directors of the Target; and (y) holders of a majority of the outstanding shares of the Target.
- (b) A copy of each Requisite Regulatory Approval (if any).
- (c) Evidence that all the conditions precedent under the Acquisition Agreement has been satisfied except for payment of any amounts to be funded by the Loan (or will be satisfied concurrently with the Utilisation).

5. Other documents and evidence

- (a) The Group Structure Chart.
- (b) Evidence that the Borrower Share Mortgage has been registered at the Companies Registry of British Virgin Islands.
- (c) Evidence that the Debt Service Reserve Account has been opened.
- (d) A copy of any other Authorisation or other document, opinion or assurance which the Lender considers (acting reasonably) to be necessary or desirable (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- (e) The Original Financial Statements.
- (f) The Funds Flow Statement.

- (g) Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 17 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date.

SCHEDULE 2

UTILISATION REQUEST

From: Rightmark Holdings Limited

To: China Development Bank Corporation Hong Kong Branch

Dated:

Dear Sirs,

US\$500,000,000 Term Loan Facility Agreement dated _____ 2011 with Rightmark Holdings Limited as borrower (as amended from time to time, the “Agreement”)

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow the Loan on the following terms:

Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)

Currency of Loan: US\$

Amount: [●]

3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*), to the extent applicable, is satisfied on the date of this Utilisation Request.

4. The proceeds of the Loan (save for US\$[___], being the agreed deduction for _____) should be credited to [*account*].

5. This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for
Rightmark Holdings Limited

SCHEDULE 3
FORM OF COMPLIANCE CERTIFICATE

From: Rightmark Holdings Limited

To: China Development Bank Corporation Hong Kong Branch

Dated:

Dear Sirs,

US\$500,000,000 Term Loan Facility Agreement dated _____ 2011 with Rightmark Holdings Limited as borrower (as amended from time to time, the “Agreement”)

We refer to the Agreement (as the same may from time to time be amended, varied, supplemented, restated or novated). Terms defined in the Agreement shall have the same meanings when used in this certificate.

We confirm that, in respect of the last day of the Relevant Period ending on [●]:

[insert details of the financial covenants to be certified including calculations]

We confirm that no Default is continuing.*

.....
[Authorized Signatory]

For and on behalf of
Rightmark Holdings Limited

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

SCHEDULE 4

DOCUMENTS REQUIRED TO BE DELIVERED BY THE NEW BORROWER

1. An accession deed in the Agreed Form and duly executed by the New Borrower (the “**Accession Deed**”).
2. A copy of the constitutional documents of the New Borrower.
3. A copy of a resolution of the board of directors of the New Borrower:
 - (a) approving the terms of, and the transactions contemplated by, the Accession Deed and the Finance Documents to which it is a party and resolving that it execute the Accession Deed;
 - (b) authorising a specified person or persons to execute the Accession Deed on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
5. A certificate of the New Borrower (signed by a director) confirming that:
 - (a) borrowing the Total Commitment would not cause any borrowing or similar limit binding on it to be exceeded; and
 - (b) each copy document relating to it specified in this Schedule 4 is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Deed.
6. A legal opinion of the legal adviser to the Lender in Hong Kong.
7. A legal opinion of the legal advisers to the Lender in the jurisdiction in which the New Borrower is incorporated.

SIGNATURE PAGE

As Borrower

RIGHTMARK HOLDINGS LIMITED

By: /s/ Guoshen Tu

Address: 13F Shenzhen Special Zone Press Tower

Attention: Yuki Cao

Telephone: 86-755-83510888

Facsimile: 86-755-83510815

As Lender

CHINA DEVELOPMENT BANK CORPORATION HONG KONG BRANCH

By: /s/ Wuping Wang

Address: Suite 3307-15, 33/F, One International Finance Centre,
1 Harbour View Street, Central , Hong Kong

Attention: Mr. Lv Zhuo

Telephone: +852 3697 7126

Facsimile: +852 2530 4083