DATED 12 OCTOBER 2016

SPARKLE ROLL HOLDINGS LIMITED **(1)**
(耀萊控股有限公司)

(the "**Borrower**")

– and –

KINGSTON SECURITIES LIMITED **(2)**

(the "**Lender**")

LOAN AGREEMENT

in respect of a loan of up to HK$754,000,000.00

Patrick Mak & Tse
16/F., Nan Fung Tower,
173 Des Voeux Road Central,
Hong Kong

Tel: (852) 2850 6336
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Ref: CF/PM/4467/16/MT

Loan No.: KGO161012-54965

LOAN AGREEMENT

THIS LOAN AGREEMENT is made on the 12th day of October 2016.

BETWEEN: -

(1) **SPARKLE ROLL HOLDINGS LIMITED (耀萊控股有限公司)**, a limited company incorporated in the British Virgin Islands with registered address at Portcullis TrustNet Chambers, P.O. Box 3444, Tortola, British Virgin Islands (the "**Borrower**"); and

(2) **KINGSTON SECURITIES LIMITED** (Exchange participant of The Stock Exchange of Hong Kong Limited: CE Reference ABL789), a company incorporated under the laws of Hong Kong whose registered office is situate at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (the "**Lender**").

RECITALS:-

(A) As at the date of this Loan Agreement, Sparkle Roll Group Limited (耀萊集團有限公司) (the "**Listed Company**") is a company incorporated in Bermuda with limited liability, with registered office situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business at Room 2028-36, 20/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. As at the date of this Loan Agreement, the shares of the Listed Company are being listed and traded on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code 0970. As at the date of this Loan Agreement, the Listed Company has 250,000,000,000 authorised shares of HK$0.002 each, among which 2,979,828,850 shares have been issued and fully paid.

(B) As at the date of this Loan Agreement, the Borrower is the beneficial owner of 855,864,000 shares of the Listed Company, representing approximately 28.72% of the entire issued share capital of the Listed Company.

(C) As at the date of this Loan Agreement, QI, Jianhong (also known as KEI, Kin Hung) (綦建虹), holder of the People's Republic of China Passport no.: G3009445 and Hong Kong Identity Card no.: P877933(7) and of address Unit 5101, Tower 1, Yintai Centre, 2 Jianguomenwai Avenue, Chaoyang District, Beijing, the People's Republic of China (中华人民共和国北京市朝阳区建国门外大街 2 号 1 號樓 5101 号), is (i) the legal and beneficial owner of 50,000 shares in the Borrower, representing 100% of the entire issued share capital of the Borrower; and (ii) the beneficial owner of 7,224,000

shares in the Listed Company (the "**Guarantor's Shares**"), representing approximately 0.24% of the entire issued share capital of the Listed Company.

(D) The Borrower (or its nominees) and the Listed Company (or its subsidiaries) intend to enter into a sale and purchase agreement (the "**SPA**") whereby the Borrower (or its nominees) shall conditionally agree to sell and the Listed Company (or its subsidiaries) shall conditionally agree to purchase:-

(a) 6,519,358 shares in Bang & Olufsen A/S ("**B&O**", the shares of which are referred to as "**B&O Shares**"), representing approximately 15.09% equity interests in B&O, at a consideration of HK$494,145,496.35, which will be satisfied by 1,098,101,103 shares of Listed Company (equivalent to HK$0.45 each) ("**B&O Transaction**"); and

(b) 49% equity interests in Balanorm Beo (Beijing) Trading Development Limited (衡准寶聲（北京）貿易發展有限公司), a joint venture established in the PRC (**"JV"**, the equity interests of which are referred to as "**JV Equity**"), in the consideration of HK$28,488,372.30, which will be paid by 63,307,494 shares at HK$0.45 each to be issued by the Listed Company ("**JV Transaction**").

(The B&O Transaction and JV Transaction are collectively referred to as the "**Transactions**".)

Under the SPA, the Borrower (or its nominees) shall undertake to the purchasers and the Listed Company that, save with the prior written approval of the Listed Company, the Borrower (or its nominees) will not at any time prior to expiry of the 2 year Lock-up Period sell, transfer or otherwise dispose of any of the 1,098,101,103 shares and 63,307,494 shares of the Listed Company to be issued under the Transactions, or any interest therein, nor permit the registered holder of the said shares to sell, transfer or otherwise dispose of any of the Borrower's direct or indirect interests in the said shares (the "**Lock-up**"). It is agreed between the Chargor and the Listed Company that the Lock-up under the SPA and the ancillary document(s) thereof shall not affect the rights of the Lender, its assignee(s) and/or its successor(s) in dealing with or in relation to the 1,098,101,103 shares and 63,307,494 shares of the Listed Company to be issued to the Borrower under the Transactions.

(E) The Borrower is proposing to make a mandatory general offer ("**Possible General Offer**") for all the issued shares of Listed Company (other than those already owned and/or agreed to be acquired by the Borrower and/or parties acting in concert with it), subject to the approval of the Securities and Futures Commission of Hong Kong (the "**SFC**") and the Stock Exchange.

(F) The Borrower is desirous of borrowing the Loan (as defined hereinafter) from the Lender for the purpose of the Possible General Offer as stipulated in (E) above and the Lender is willing to lend the Loan to the Borrower subject to the terms and conditions

set out in this Loan Agreement. For the avoidance of doubt, the proceeds under the Loan shall be applied solely for the purpose of financing and purchase of all the issued shares of the Listed Company in the Possible General Offer.

1. Name and Address of the Lender

   Kingston Securities Limited of Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

2. Name and Address of the Borrower

   Sparkle Roll Holdings Limited (耀萊控股有限公司) of Portcullis TrustNet Chambers, P.O. Box 3444, Tortola, British Virgin Islands.

3. Name and Address of Guarantor

   QI, Jianhong (also known as KEI, Kin Hung) (綦建虹) of Unit 5101, Tower 1, Yintai Centre, 2 Jianguomenwai Avenue, Chaoyang District, Beijing, the People's Republic of China (中华人民共和国北京市朝阳区建国门外大街2号1號樓5101号) (the "**Guarantor**").

4. Name and Address of Chargor

   Sparkle Roll Holdings Limited (耀萊控股有限公司) of Portcullis TrustNet Chambers, P.O. Box 3444, Tortola, British Virgin Islands (the "**Chargor**").

5. Amount of the Loan

   The amount of the loan is of up to Hong Kong Dollars Seven Hundred and Fifty Four Million Only (HK$754,000,000.00) (the "**Loan**").

6. Drawdown of the Loan

   6.1 Upon the Borrower's acceptance of the terms and conditions contained herein and upon fulfilment of all Conditions Precedent under Clause 8 hereunder to the Lender's satisfaction, the Loan can be drawn down during the period from the date of this Loan Agreement to a date falling on the seventh (7th) business day after the close of the Possible General Offer (or such other date as agreed between the Lender and the Borrower).

   6.2 The proceeds drawn under the Loan shall be applied solely for the purpose of financing the purchase of all the issued shares of the Listed Company, which are the subject of the Possible General Offer to be made by the Borrower under the Hong Kong Code on Takeovers and Mergers (the "**Code**").

7. Form of Security

The form of security for the Loan:-

7.1 post-dated cheques drawn in favour of the Lender or the Lender's order for payment of the interests and the principal amount of the Loan as stipulated by the Lender;

7.2 a share charge of even date executed by the Borrower in favour of the Lender over 855,864,000 shares of the Listed Company held by the Borrower ("**Share Charge I**");

7.3 855,864,000 shares of the Listed Company held by the Borrower ("**Charged Shares I**");

7.4 a share charge of even date executed by the Borrower in favour of the Lender over 1,098,101,103 shares of the Listed Company to be acquired by the Borrower in B&O Transaction ("**Share Charge II**");

7.5 the 1,098,101,103 shares of the Listed Company to be acquired by the Borrower in B&O Transaction (the "**Charged Shares II**");

7.6 a share charge of even date executed by the Borrower in favour of the Lender over 63,307,494 shares of the Listed Company to be acquired by the Borrower in JV Transaction ("**Share Charge III**");

7.7 63,307,494 shares of the Listed Company to be acquired by the Borrower in JV Transaction ("**Charged Shares III**");

7.8 a share charge of even date executed by the Borrower in favour of the Lender over the shares of the Listed Company to be acquired by the Borrower in the Possible General Offer ("**Share Charge IV**");

7.9 the shares of the Listed Company to be acquired by the Borrower in the Possible General Offer ("**Charged Shares IV**"); and

7.10 a guarantee of even date executed by the Guarantor (the "**Guarantee**").

Share Charge I, Share Charge II, Share Charge III and Share Charge IV are collectively referred to as the "**Share Charges**"; Charged Shares I, Shared Shares II, Charged Shares III and Charged Shares IV are collectively referred to as the "**Charged Shares**".

8. Conditions Precedent for drawdown of the Loan

The Loan will only become available to the Borrower provided no Event of Default shall have occurred (upon and subject to the terms and conditions contained herein) which have not been waived and when the Lender has received in form and substance satisfactory to the Lender all of the followings:

8.1 the margin securities trading account (account number: 54965) being opened by the Borrower with the Lender (the "**Borrower's Margin Account**") remains validly maintained and operative, and this Loan Agreement is also governed by the terms and conditions of the margin client agreement in respect of the Borrower's Margin Account dated 22 September 2016 executed between the Lender and the Borrower;

8.2 Charged Shares I are deposited in and remain deposited in the Borrower's Margin Account;

8.3 this Loan Agreement duly signed by the Borrower accepting the terms and conditions herein;

8.4 Kingston Corporate Finance Limited shall be appointed as the financial advisor of the Borrower in relation to the Transactions and the Possible General Offer;

8.5 Kingston Securities Limited shall be appointed as the agent for making the Possible General Offer on behalf of the Borrower;

8.6 HK$200,000,000.00 shall be deposited by the Borrower into an account in Kingston Securities Limited designated by the Lender for the purpose of acquisition of the issued shares of the Listed Company (other than those already owned and/or agreed to be acquired by the Borrower and/or parties acting in concert with it) in the Possible General Offer;

8.7 the following security documents ("**Security Documents**") provided and/or duly signed by the Borrower and/or the Guarantor;

(a) post-dated cheques drawn in favour of the Lender or the Lender's order for payment of the interests and the principal amount of the Loan as stipulated by the Lender;

(b) Share Charge I, Share Charge II, Share Charge III and Share Charge IV (including the ancillary documents referred therein, if any) duly executed by the Borrower of even date in favour of the Lender;

(c) the Guarantee of even date duly executed by the Guarantor;

(d) certified true copy of the resolutions of the sole director and the sole

shareholder of the Borrower authorising the transactions contemplated by this Loan Agreement and the execution of the Share Charges under its common seal.

9. Conditions to the continual availability of the Loan

9.1 The Borrower shall provide a letter of confirmation confirming that the SFC and the Stock Exchange have approved the publication of the offer announcement, pursuant to Rule 3.5 of the Code, in relation to the Possible General Offer on or before the 90th day following the date of this Loan Agreement;

9.2 Charged Shares II shall be deposited in the Borrower's Margin Account as collateral for the Loan under the Share Charge II immediately after the said shares are acquired by the Borrower under B&O Transaction;

9.3 Charged Shares III shall be deposited in the Borrower's Margin Account as collateral for the Loan under the Share Charge III immediately after the said shares are acquired by the Borrower under JV Transaction;

9.4 Charged Shares IV shall be deposited in the Borrower's Margin Account as collateral for the Loan under the Share Charge IV immediately after the said shares are acquired by the Borrower under the Possible General Offer;

9.5 The margin securities trading account shall be opened by the Guarantor with the Lender (the "**Guarantor's Margin Account**") on or before 14 October 2016 and shall remain validly maintained and operative thereafter; and

9.6 The Guarantor's Shares are deposited in the Guarantor's Margin Account on or before 17 October 2016 and remain deposited therein.

10. Term and Repayment

The term of the Loan shall mature on a date falling six (6) months from the execution date of the withdrawal instruction to the Lender for the remittance of the principal amount of the Loan (the "**Repayment Date**") or a later date to be mutually agreed by the Lender and the Borrower. The Borrower shall, subject to Clauses 9, 14 and 16 hereof, repay the Loan and any unpaid interest accrued thereon to the Lender (or its nominee) on or before the Repayment Date.

11. Interest

11.1 Interest for the Loan shall be charged on the principal amount drawn down and outstanding under the Loan from time to time at the rate of (i) eight per cent (8%) per annum from the date of this Loan Agreement until the day before the

commencement of the Offer Period (within the meaning of the Code) (inclusive), and (ii) twelve per cent (12%) per annum thereafter; and interest for the Loan shall be due and payable by the Borrower monthly in arrears on the first day of each calendar month. If the interest payment date is not a business day, the interest payment date will instead be the preceding business day as the Lender determines.

11.2 The principal amount of the Loan shall be drawn down from the Borrower's Margin Account or be set aside by the Lender upon the signing of this Loan Agreement, whereupon the whole principal amount shall be deemed to have been drawn down and utilised and all the accrued interest from the date of such deemed drawdown and utilisation shall be due and payable by the Borrower monthly in arrears as stated above in this clause.

11.3 The rate of default interest referred to in Clause 20.2 shall be charged on any outstanding amount of the Loan or any other amount under this Loan Agreement due but unpaid at a rate of twenty four per cent (24%) per annum from time to time and shall be compounded (both before and after judgment) in accordance with the Lender's usual practice.

11.4 Interest shall accrue from day to day and be calculated on the basis of actual number of days elapsed over a year of 365 days and shall be compounded in accordance with the Lender's usual practice.

11.5 For the purpose of this Loan Agreement, a business day shall mean a day (excluding Saturday and Sunday) on which licensed banks in Hong Kong are open for general business in Hong Kong.

12. Prepayment/Early Repayment

12.1 The Borrower may prepay the whole or any part of the outstanding principal amount (together with interest accrued thereon) borrowed and owing under the Loan without paying any fee, penalty or compensation to the Lender (but without prejudice to the other payment obligations of the Borrower set out herein) provided that the Borrower shall have given to the Lender not less than five (5) business days prior written notice before making such prepayment.

12.2 On the date on which any such prepayment is made, the Borrower shall pay to the Lender the outstanding principal amount to be prepaid and any other sums due and payable by the Borrower to the Lender hereunder. Any prepayment being made by the Borrower to the Lender in the manner as specified under this paragraph shall reduce the amount of the repayment to be repayable by the Borrower on the Repayment Date.

12.3 Any notice of prepayment given by the Borrower shall be irrevocable and shall

oblige the Borrower to prepay in accordance with such notice. Any amount prepaid may not be re-borrowed.

13. Payments

13.1 All payments by the Borrower hereunder shall be made in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Borrower are required by law to make any such deduction or withholding from any amount paid, the Borrower shall pay to the Lender such additional amount as shall be necessary so that the Lender continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.

13.2 All payments shall be made in the currency or currencies in which the relevant amounts advanced to the Borrower are denominated (the "**Appropriate Currency**"), unless otherwise previously agreed by the Lender in writing. If, for any reason, the Lender receives an amount in any other currency then such payment shall take effect as a payment to the Lender of the amount in the Appropriate Currency which the Lender is able to purchase (after deduction of any relevant costs) with the amount of the payment so received in accordance with the Lender's usual practice and the Borrower shall indemnify the Lender against any shortfall on demand in writing. Until such shortfall is repaid to the Lender, such shortfall shall form part of the sums owed hereunder to the Lender and bear interest accordingly. Any shortfall not paid on demand shall bear default interest in accordance with Clause 20 of this Loan Agreement.

13.3 All payments by the Borrower shall be made not later than 3:00 p.m. (Hong Kong time) on the due date by bank transfer or delivery to the Lender a cashier order or cheque payable to the Lender or to its order and drawn on a licensed bank in Hong Kong.

14. Anti-Dilution

14.1 Without affecting any of the Lender's rights and interests under this Loan Agreement, the economic or financial effect of the Charged Shares or any other security interest for this Loan Agreement shall not be affected by any equity derivatives issued by the Listed Company, subdivision, consolidation or change of the classification in the Charged Shares, or any of them or by any company whose shares form all or part of the Charged Shares reorganised or amalgamated with any company or by further issue of equity or equity derivatives or grant of options by the Listed Company or by raising of further debts by the Listed Company. If the economic or financial effect of the Charged Shares or any other security interest for this Loan Agreement, is so affected by any incident described above, the Lender can at its discretion demand for immediate repayment of the Loan.

14.2 For avoidance of doubt, Clause 14.1 is not applicable to the issue of new shares by the Listed Company to the Borrower under the Transactions.

15. Assignment

15.1 This Loan Agreement shall be binding upon and enure for the benefit of, the Lender and the Borrower and their respective successors.

15.2 The Borrower shall not assign or transfer any of its rights or obligations under this Loan Agreement.

15.3 The Lender may assign all or any part of its rights or benefits or transfer all or any part of its obligations under this Loan Agreement, the Share Charges or other document referred to herein to any one or more banks or financial institutions or other persons (each an "**Assignee**") without the consent of the Borrower.

15.4 If the Lender assigns all or any part of its rights or benefits or transfers all or any part of its obligations as provided in Clause 15.3 hereof all relevant references in this Loan Agreement to the Lender shall thereafter be construed as a reference to the Lender and/or the Assignee(s) to the extent of their respective interests and, in the case of a transfer of all or part of the Lender's obligations, the Borrower shall thereafter look only to each Assignee in respect of that proportion of the Lender's obligations as corresponds to the obligations transferred to and assumed by such Assignee.

15.5 The Lender may disclose on a confidential basis to a potential Assignee or to any other person who may propose entering into contractual relations with the Lender in relation to this Loan Agreement such information about this Loan Agreement and the related security as the Lender shall consider appropriate.

16. Events of Default

16.1 The Borrower agrees and acknowledges that the Lender shall have a right to demand immediate repayment by the Borrower of the total outstanding amount under the Loan and the interest thereon in any of the following events (each an "**Event of Default**"):

(A) the application of all or part of the Loan is contrary to the purpose set out in Clause 6.2 herein; or

(B) the non-payment when due of the Loan, interest (if any), fees or any other amounts due hereunder; or

(C) any breach by the Borrower of any of the terms and conditions of this Loan

Agreement or any Security Documents; or

(D) any breach by the Chargor of the terms and conditions of any of the Share Charges; or

(E) any distress, levy or execution, appointment of liquidator, receiver, trustee or similar official is made or threatened against the Borrower or the Listed Company; or

(F) if the Borrower or the Listed Company shall convene a meeting of, or propose to enter into any arrangement or composition for the benefit of creditors generally; or

(G) the Lender receives notice or has reasonable cause to believe that the shares of the Listed Company are to be delisted from the Stock Exchange; or

(H) trading in shares of the Listed Company shall be suspended for any reason whatsoever for a continuous period of more than fifteen (15) trading days on the Stock Exchange but excluding any days where the suspension is related to the Possible General Offer (if any); or

(I) the Borrower or the Guarantor or other parties to any Security Documents (excluding the Lender) fails duly and punctually to perform or comply with any of his/its respective obligations or undertakings hereunder or thereunder and, in respect only of a failure which in the opinion of the Lender is capable of remedy and which is not a failure to pay money, does not remedy such failure to the Lender's satisfaction within seven (7) business days (or such longer period as the Lender may approve) after receipt of written notice from the Lender requiring it to do so; or

(J) any representation or warranty, undertaking or statement made or deemed to be made by the Borrower or any other party to any of the Security Documents (excluding the Lender) in or in connection with this Loan Agreement or any of the Security Documents proves to have been incorrect or misleading in any material respect; or

(K) the Borrower defaults or receives notice of default in relation to any other agreement or obligation relating to borrowing or any indebtedness of the Borrower becomes payable or capable of being declared payable before its stated maturity or is not paid when due or any charge, guarantee or other security now or hereafter created by the Borrower becomes enforceable; or

(L) a creditor takes possession of all or a substantial part of the assets of the Borrower or the Listed Company or the Guarantor or any execution or other legal process is enforced against the business or in the reasonable opinion of

the Lender, any material asset of the Borrower or the Listed Company and is not discharged within five (5) business days (or such longer period as the Lender may approve); or

(M) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration, reorganisation, reconstruction, dissolution or bankruptcy (as the case may be) of the Borrower or the Listed Company or the Guarantor for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Borrower or the Listed Company or the Guarantor of all or any part of his/its business or assets or, if the Borrower or the Listed Company or the Guarantor makes any general assignment for the benefit of his/its creditors but not any winding up petition filed against the Borrower or the Listed Company which has been discharged or set aside by the Borrower within five (5) business days of presentment; or

(N) any material adverse change in the business, operation, finance position or other condition of Borrower or the Listed Company or the Guarantor or a situation arising likely leading thereto which in the Lender's reasonable opinion may affect the value of the Charged Shares including the auditors unable to give a true fair view of the state of affairs of the Borrower or the Listed Company; or any material adverse change in the business, operation, financial position or any other part of any of the Borrower or the Listed Company; or

(O) this Loan Agreement or any of the Security Documents are set aside for whatever reasons, or any provision hereof or thereof ceases for any reason to be in full force and effect or is terminated or jeopardised or becomes invalid or unenforceable or if there is any dispute regarding the same or if there is any purported termination of the same or it becomes impossible or unlawful for the Borrower or any other party thereto to perform any of its obligations thereunder or for the Lender to exercise all or any of its rights, powers and remedies thereunder; or

(P) any situation occurs which in the opinion of the Lender gives reasonable grounds to believe that a material adverse change in the business or financial condition or prospects of the Borrower or the Listed Company or the Guarantor or any other party to any Security Documents (excluding the Lender) has occurred or that the ability of the Borrower or the Listed Company or the Guarantor or any such other party to perform its respective obligations hereunder or thereunder has been or will be materially and adversely affected; or

(Q) the occurrence of any events resulting in that the Borrower ceases to be the

substantial shareholder of the Listed Company after the Possible General Offer; or

(R) any breach or non-compliance of any term or condition in respect of the continual availability of the Loan as provided in Clause 8, 9, 14 and 18 by the Borrower; or

(S) all or any of the securities or the Charged Shares given herein has or have for any reasons whatsoever become void, whether or not on the default or omission of the Lender; or

(T) after the expiry of the Possible General Offer period and during the period from the date after the seventh (7^{th}) business day following the close of the Possible General Offer to the date of the full repayment of then outstanding amount of the Loan (including all outstanding principal amount, accrued interest and fee/charges) by the Borrower, the average closing price of the shares of Listed Company for a continuous five (5) trading days as quoted by the Stock Exchange is equal to or falls below HK$0.45 per share (the "**Alert Price**"); or

(U) the aggregate number of the Charged Shares I, Charged Shares II and Charged Shares III after the completion of the Transactions represents less than 48.71% of the entire issued share capital of the Listed Company.

16.2 If an Event of Default has occurred, the Lender may, by written notice to the Borrower, declare (i) the Loan, accrued interest and all other sums payable hereunder to be, whereupon they shall become, immediately due and payable without further demand, notice or other legal formality of any kind; and (ii) this Loan Agreement shall thereupon terminate. Upon the occurrence of an Event of Default, the Lender may exercise and enforce its rights under the Security Documents in the manner as it thinks fits.

17. Representation and Warranties

17.1 The Borrower represents and warrants to the Lender that:

(A) the Borrower has full power, authority and legal right to enter into and engage in the transactions contemplated under this Loan Agreement and the Security Documents to which Borrower is a party and has taken and obtained all necessary action, licence, approval and consents to authorise the execution, delivery and performance of this Loan Agreement and Security Documents to which the Borrower is a party;

(B) this Loan Agreement constitutes, and the Security Documents to which the

Borrower is a party when executed will constitute, legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms;

(C) neither the execution of this Loan Agreement and the Security Documents to which the Borrower is a party, nor the performance by the Borrower of any of its obligations or the exercise of any of its rights hereunder or thereunder, will conflict with or result in a breach of any law, regulation, judgment, order, authorisation, agreement or obligation applicable to it, or cause any limitation placed on it or on the powers of its director, to be exceeded or result in the creation or oblige the Borrower to create a charge in respect of any of its property or assets except in favour of the Lender or pursuant to the Security Documents to which the Borrower is a party;

(D) all authorisations required from any governmental or other authority or creditors of the Borrower for or in connection with the execution, validity and performance of this Loan Agreement and the Security Documents to which it is a party have been obtained and are in full force and effect or, by the date on which the notices of drawing is given, will have been obtained and be in full force and effect;

(E) no litigation, arbitration or administrative proceeding is currently taking place or pending or threatened against the Borrower or any of its assets or revenues;

(F) the Borrower is not in default under any law, regulation, judgment, order, agreement or obligation applicable to it or its assets or revenues, the consequences of which could materially and adversely affect its business or financial condition or its ability to perform its obligations under this Loan Agreement or the Security Documents to which it is a party;

(G) all financial and other information supplied to the Lender by or on behalf of the Borrower in connection with this Loan Agreement and the transactions contemplated hereunder is and will be complete and accurate in all material respects and not misleading; and

(H) save as the Lock-up, the Charged Shares are not subject to any mortgage, charge, claim, equitable interest, lien, option, pledge, security interest, right of first refusal, right to acquire, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or similar restriction of any kind (including any restriction on use, voting, transfer, receipt of income, or exercise of any other ownership interest).

17.2 The Borrower also represents and warrants to and undertakes with the Lender that the foregoing representations and warranties will be true and accurate throughout

the continuance of this Loan Agreement with reference to the facts and circumstances subsisting from time to time.

18. Undertaking by the Borrower

The Borrower undertakes with the Lender that, throughout the continuance of this Loan Agreement and/or so long as any moneys are owing hereunder:

(A) it will ensure that its obligations hereunder rank at all times at least *pari passu* with all its other present or future unsecured and unsubordinated obligations, and with the exception of indebtedness and such other obligations mandatorily preferred by law and not by contract;

(B) it will obtain, maintain in full force and effect, and comply in all respects with any conditions imposed in connection with, every authorisation of governmental or public bodies or courts, and do, or cause to be done, all other acts and things, which may from time to time be necessary under applicable law for the continued due performance of its obligations hereunder;

(C) it shall, as soon as reasonably practicable after reasonable demand by the Lender, and entirely at his own costs and expenses, make, execute, do, perform and provide all such further acts and documents as the Lender shall reasonably require to perfect the security afforded or created by this Loan Agreement and/or to give full effect to any provision of this Loan Agreement;

(D) punctually pay all sums due from it and otherwise comply with its obligations under this Loan Agreement and all the Security Documents to which it is a party;

(E) upon completion of acquisition of the Charged Shares II and Charged Shares III by the Borrower after the completion of Transactions, the Charged Shares II and Charged Shares III are not subject to any mortgage, charge, claim, equitable interest, lien, option, pledge, security interest, right of first refusal, right to acquire, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or similar restriction of any kind (including any restriction on use, voting, transfer, receipt of income, or exercise of any other ownership interest) (collectively, the "**Share Encumbrance**") which is binding on the Lender or its assignee or successor, save as the Share Charges as stated in this Loan Agreement and the Lock-up;

(F) upon completion of acquisition of the Charged Shares IV by the Borrower after the Possible General Offer, the Charged Shares are not subject to any Share Encumbrance save as the Share Charge IV and the Lock-up;

(G) the Borrower will not create or permit to subsist any encumbrance on the whole or any part of the respective present or future assets of the Borrower except for the following:

(a) encumbrances created with the prior written consent of the Lender;

(b) liens arising by operation of applicable laws;

(c) encumbrances already existing and disclosed to the Lender by this Loan Agreement; and

(d) the Security Documents.

If the Borrower creates or permits to subsist any encumbrance contrary to the above, all the obligations of the Borrower hereunder shall be automatically and immediately secured upon the same assets equally and rateably with the other obligations secured thereon.

(H) In event of default, it shall ensure that the Lender shall have the right of priority to realise/dispose of all the shares issued by the Listed Company currently held by the Borrower in its account(s) with the Lender and additional shares to be subscribed, acquired or received by Borrower in the future, including but not limited to the Charged Shares, over all other creditors or interested parties, if any. The Borrower will indemnify and keep the Lender indemnified should such right of priority be exercised by the Lender in relation to the shares currently held by the Borrower either in the Borrower's name or other accounts under its control, if any.

19. Notices

19.1 Notices shall be given as follows:

to the Borrower:

Borrower:	Sparkle Roll Holdings Limited (耀莱控股有限公司)
Address:	7/F., Tower B, Sparkle Roll Centre, No. 40 Xinfuercun, Chaoyang District, Beijing, the People's Republic of China (中华人民共和国北京市朝阳区幸福二村 40 号耀莱中心 B 座 7 层)
Facsimile:	(86) 10-6518-7503
For the attention of:	Mr. GAO, Liang

to the Lender:

Lender:	Kingston Securities Limited

Address:	Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Facsimile:	(852) 2851-8522
For the attention of:	Mr. CHU, Nicholas Yuk-yui

19.2 A notice shall be deemed to have been served:

(A) if personally delivered, at the time of delivery;

(B) if posted, if to an addressee within the same country, two (2) business days (or if to an addressee in a different country, five (5) business days, when it shall be sent airmail) after the envelope containing the notice was delivered into the custody of the postal authorities; and

(C) if communicated by facsimile transmission, at the time of transmission.

PROVIDED THAT where, in the case of delivery by hand or transmission by facsimile, such delivery or transmission occurs after 4 p.m. (local time) on a business day or on a day which is not a business day in the place of receipt, service shall be deemed to occur at 9 a.m. (local time) on the next following business day in such place; and for this purpose of this Loan Agreement "business day" means a day on which banks are open for business in the ordinary course, other than Saturdays, Sundays and other public holidays of Hong Kong.

19.3 In proving service, it shall be sufficient to prove that personal delivery was made or that the envelope containing the notice was properly addressed and delivered into the custody of postal authorities authorised to accept the same, or if sent by facsimile, by receipt of automatic confirmation of transmission or answerback **PROVIDED THAT** a notice shall not be deemed to be served if communicated by facsimile transmission which is not legible in all material respects; such transmission shall be deemed to have been so legible if a request for retransmission is not made before the end of the next business day following the transmission.

19A. <u>Process Agent</u>

The Borrower hereby irrevocably appoints Sparkle Roll Aircraft Management (HONGKONG) Limited whose address being Room 2024-36, 20/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its/his/her successor) no longer serves as agent of the Borrower for this purpose, the Borrower shall promptly appoint a successor agent and notify the Lender. The Borrower agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its/his/her above address or such other address

such agent has notified the Lender from time to time (whether or not such agent has given notice thereof to the Borrower).

20. Costs and Expenses and Default Interest

20.1 The Borrower agrees to pay and reimburse the Lender for legal fees; registration fees, stamp duties, if any, payable in relation to this Loan Agreement, the Share Charges and/or other incidental documents.

20.2 If the principal or the interest or any part thereof payable by the Borrower hereunder is not paid when due, the Borrower shall pay the Lender interest on the payment in arrears at the same rate of interest set out in Clause 11.3 on the default payment from the date of default until the sum is paid.

21. Confidentiality

Each party agrees that without the consent of the other party it shall not at any time divulge, disclose or communicate this existence of this Loan Agreement, its terms and conditions, the identity of the parties to this Loan Agreement, or any confidential information and which is not publicly available that may be within or that may come to its knowledge to any person except to its directors, officers and professional advisers with the extent of disclosure on a need-to-know basis provided that the foregoing restriction does not apply to any disclosure pursuant the regulatory requirements or at the request of a regulatory authority (including without limitation the requirements of the Rules of the Listing of Securities on the Stock Exchange of Hong Kong Limited). The foregoing obligation shall survive the termination of this Loan Agreement.

22. General provisions

22.1 Prior to execution of this Loan Agreement, the Borrower has been advised by its own solicitors:

(a) that the Borrower has the choice not to proceed with the transaction in connection with this Loan Agreement; and

(b) that the liabilities under this Loan Agreement and the Security Documents are payable on demand.

22.2 Fees and expenses: the Borrower shall be responsible for the professional fees and all costs and expenses in respect of the negotiation, preparation and perfection of this Loan Agreement, the Security Documents and all related documents.

22.3 Further Assurance: Each party agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as may be necessary or reasonably desirable to implement and/or give effect to Security Documents and the transactions contemplated therein.

22.4 Entire Agreement: This Loan Agreement (together with any document described in or expressed to be entered into in connection with this Loan Agreement) constitutes the entire agreement between the parties in relation to the transaction(s) referred to it or in them and supersedes any previous agreement between the parties in relation to such transaction(s).

22.5 Remedies Cumulative: Any right, power or remedy expressly conferred upon any party under this Loan Agreement shall be in addition to, not exclusive of, and without prejudice to all rights, powers and remedies which would, in the absence of express provision, be available to it; and may be exercised as often as such party considers appropriate.

22.6 Waivers: No failure, relaxation, forbearance, indulgence or delay of any party in exercising any right or remedy provided by law or under this Loan Agreement shall affect the ability of that party subsequently to exercise such right or remedy or to pursue any other rights or remedies, nor shall such failure or delay constitute a waiver or variation of that or any other right or remedy. No single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

22.7 Severability: The parties intend that the provisions of this Loan Agreement shall be enforced to the fullest extent permissible under the laws applied in each jurisdiction in which enforcement is sought. If any particular provision or part of this Loan Agreement shall be held to be invalid or unenforceable, then such provision shall (so far as invalid or unenforceable) be given no effect and shall be deemed not to be included in this Loan Agreement but without invalidating any of the remaining provisions of this Loan Agreement. The parties shall use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

22.8 Variation: No variation of any of the terms of this Loan Agreement (or of any document described in or expressed to be entered into in connection with this Loan Agreement) shall be effective unless such variation is made in writing and signed by or on behalf of each of the parties. The expression "Variation" shall include any variation, supplement, deletion or replacement however effected.

22.9 Counterparts: This Loan Agreement may be executed in any number of counterparts

all of which, taken together, shall constitute one and the same agreement. Any party may enter into this Loan Agreement by executing any such counterpart.

22.10 Punctual Performance: Time shall be of the essence of this Loan Agreement.

22.11 Independent Legal Advice: The Borrower acknowledges that Messrs. Patrick Mak and Tse solicitors are acting for the Lender only with respect of this Loan Agreement and the transactions contemplated hereunder, the Borrower has been advised to seek independent legal advice before execution of this Loan Agreement.

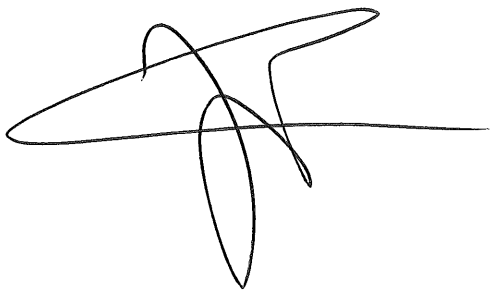
22.12 Law and Jurisdiction: This Loan Agreement shall be governed by and construed in accordance with laws of Hong Kong Special Administrative Region and the parties hereby irrevocably submit to the jurisdiction of the Hong Kong courts. The submission to jurisdiction in this clause shall not prevent proceedings being brought in any other competent court.

22.13 Third Party Rights: A person who is not a party to this Loan Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any term of this Loan Agreement.

IN WITNESS whereof the parties have executed this Loan Agreement the day and year first above written.

The Lender

SIGNED BY)
CHU, Nicholas Yuk-yui)
For and on behalf of)
KINGSTON SECURITIES LIMITED)
In the presence of :)



Y297400(0)

WONG TING KWAN

The Borrower

SIGNED BY)
QI, Jianhong (also known as KEI, Kin Hung) (恭建虹))
For and on behalf of)
SPARKLE ROLL HOLDINGS LIMITED (耀萊控股有限公司))
In the presence of :

IN WITNESS whereof the parties have executed this Loan Agreement the day and year first above written.

The Lender

SIGNED BY)
CHU, Nicholas Yuk-yui)
For and on behalf of)
KINGSTON SECURITIES LIMITED)
In the presence of :)

The Borrower

SIGNED BY)
QI, Jianhong (also known as KEI, Kin Hung) (綦建虹))
For and on behalf of)
SPARKLE ROLL HOLDINGS LIMITED (耀萊控股有限公司))
In the presence of :

吴江巍 执业证号: 11201201011362529