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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 2, 2007**

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**Hudson Highland Group, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-50129**  
(Commission File Number)

**59-3547281**  
(IRS Employer  
Identification No.)

**560 Lexington Avenue, New York, New York 10022**  
(Address of principal executive offices, including zip code)

**(212) 351-7300**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.01 - Completion of Acquisition or Disposition of Assets.**

On February 3, 2007, the Hudson Highland Group, Inc. (the "Company") and its subsidiary Hudson Recruitment (Shanghai) Limited entered into an Asset Sale and Purchase Agreement (the "Asset Agreement") to acquire the business assets of Tong Zhi (Beijing) Consulting Service Ltd ("Tony Keith Beijing") and Guangzhou Dong Li Consulting Service Ltd ("Tony Keith Guangzhou") (collectively know as "Tony Keith Associates or TKA") for \$1.0 million from Raymond Wong, Jia Geng Yang and Ming Xin Chen (collectively know as the "Warrantors"). TKA is an information technology recruitment business serving multinational clients in China.

Effective on May, 2, 2007 (the "Completion"), the Company completed the acquisition of TKA by entering into two agreements. The first agreement was the Agreement Relating to the Sale and Purchase of the Whole of the Issued Share Capital of Leadway Holdings Group Limited (the "Share Agreement") with Raymond Wong and the Warrantors for consideration of \$4.0 million, including \$2.5 million paid in cash and \$0.5 million paid and held in escrow to be payable within 90 days of the third anniversary of the Completion. The second agreement was the Agreement in Relation to Deferred Payment of Consideration (the "Deferred Payment Agreement") for consideration of \$0.7 million in interest bearing notes, with an interest rate of 6.18%, payable within six months from Completion and \$0.3 million paid in cash within five business days of the Completion. The purchase agreement also provides for contingent payouts to the sellers over the next three years, based upon future minimum annual and cumulative earnings thresholds of up to a maximum of \$13.5 million including the Asset Agreement, the Share Agreement and the Deferred Payment Agreement.

Copies of the Asset Agreement, Share Agreement and Deferred Payment Agreement are filed as Exhibits 2.1, 2.2 and 2.3 to this report and are incorporated by reference herein. The foregoing description of the Asset Sale and Purchase Agreement, the Agreement Relating to the Sale and Purchase of the Whole of the Issued Share Capital and the transactions contemplated therein is qualified in its entirety by reference to such exhibit.

**Item 9.01 Financial Statements and Exhibits**

(a) *Financial Statements of Business Acquired* The financial statements of TKA required by this item are not included with this report of the completed acquisition under Item 2.01. The required financial statements will be filed by amendment not later than 71 calendar days after the date this Form 8-K was required to be filed.

(b) *Pro Forma Financial Information.* The pro forma financial statements of TKA required by this item are not included with this report of the completed acquisition under Item 2.01. The required pro forma financial statements will be filed by amendment not later than 71 calendar days after the date this Form 8-K was required to be filed.

(c) *Shell Company Transactions.* Not applicable.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 2.1	Asset Sale and Purchase Agreement.*
Exhibit 2.2	Agreement Relating to the Sale and Purchase of the Whole of the Issued Share Capital.*
Exhibit 2.3	Agreement in Relation to Deferred Payment of Consideration *

\* Pursuant to Item 601(b)(2) of Regulation S-K, the Company agrees to furnish supplementally any omitted schedules to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HUDSON HIGHLAND GROUP, INC.

Date: May 8, 2007

By: /s/ MARY JANE RAYMOND

Mary Jane Raymond  
Executive Vice President and  
Chief Financial Officer

HUDSON HIGHLAND GROUP, INC.  
Exhibit Index to Current Report on Form 8-K

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 2.1	Asset Sale and Purchase Agreement.*
Exhibit 2.2	Agreement Relating to the Sale and Purchase of the Whole of the Issued Share Capital.*
Exhibit 2.3	Agreement in Relation to Deferred Payment of Consideration *

\* Pursuant to Item 601(b)(2) of Regulation S-K, the Company agrees to furnish supplementally any omitted schedules to the Securities and Exchange Commission upon request.

DATED

**RAYMOND WONG**

- and -

**JIA GENG YANG**

- and -

**MING XIN CHEN**

- and -

**TONG ZHI (BEIJING) CONSULTING SERVICE LTD**

- and -

**GUANGZHOU DONG LI CONSULTING SERVICE LTD**

- and -

**HUDSON RECRUITMENT (SHANGHAI) LIMITED**

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**ASSET SALE AND PURCHASE  
AGREEMENT**

relating to

The sale and purchase of business assets of  
Tong Zhi (Beijing) Consulting Service Ltd  
( 通智 ( 北京 ) 咨询服务有限公司 )  
Guangzhou Dong Li Consulting Service Ltd  
( 广州动利咨询服务有限公司 )

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Ref: MML.HW.002262-001

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THIS AGREEMENT is made on

**BETWEEN**

- (1) **TONG ZHI (BEIJING) CONSULTING SERVICES LTD (通智(北京)咨询服务有限公司)**, a company incorporated in Beijing, PRC and having its principal place of business at Suite 609, Tower B, SOHO New Town, No. 88 Jianguo Road, Chaoyang District, Beijing, PRC (“**Tony Keith Beijing**”);
- (2) **GUANGZHOU DONG LI CONSULTING SERVICE LTD (广州动利咨询服务有限公司)**, a company incorporated in Guangzhou, PRC and having its principal place of business at Room 1612, Yi An Plaza, No. 33 Jiansheliu Road, Guangzhou, PRC (“**Tony Keith Guangzhou**”);  
(together, collectively known as “**Sellers**”)
- (3) **HUDSON RECRUITMENT (SHANGHAI) LIMITED (上海翰德人力资源有限公司)**, a corporation established in the PRC, having its principal place of business at Room 1104, 11/F, Central Plaza, No. 227 Huang Pi Bei Road, Shanghai China 200003 (“**Purchaser**”);
- (4) **RAYMOND WONG (王国森)**, holder of Australian passport number E7073253, of B609, Soho Building, 88 Jianguo Road, Beijing, PRC (“**RW**”);
- (5) **JIA GENG YANG (杨家更)**, holder of PRC identity card number 440112721028031 of B609, Soho Building, 88 Jianguo Road, Beijing, PRC (“**JGY**”);
- (6) **MING XIN CHEN (陈明信)**, holder of Australian passport number E1004954, of 1612, Yian Plaza, Jiansheliu Road, Guangzhou, PRC (“**MXC**”);  
and  
(collectively known as the “**Warrantors**”.)

**INTRODUCTION:**

- (A) The Sellers are engaged in the Business (as defined below).
- (B) The Warrantors are the ultimate beneficial owners of all of the equity interests in each of the Sellers.

- (C) The Purchaser desires to purchase or acquire from the Sellers and/or the Warrantors, and the Sellers desire to sell, transfer and assign, or cause to be sold, transferred and assigned, to the Purchaser certain assets and properties of the Business of the Sellers for the Consideration (as defined below) and upon the terms and subject to the conditions hereinafter set forth.

## 1. DEFINITION AND INTERPRETATION

As used herein, the following terms shall have the following meanings:

<b>“Accounting Policies”</b>	means all financial reporting standards, statements of standard accounting practice and generally accepted accounting principles and practices in the PRC.
<b>“Affiliate”</b>	means, as to any body corporate, any of its shareholders, directors and officers, any other body corporate, unincorporated entity or person holding more than fifty percent (50%) of the interests therein or any other body corporate, unincorporated entity or person in which it holds more than fifty percent (50%) of the interests therein or, as to an individual, any of his parents, brothers, sisters, issues and spouse (“ <b>relatives</b> ”) and any company or trust which may be, directly or indirectly, controlled by such individual (including any company or trust controlled by any of his relatives).
<b>“Agreement”</b>	means this Agreement for Sale and Purchase of Assets, including its Schedules and Exhibits.
<b>“Assets”</b>	as defined in <b>Clause 2</b> (Purchase and Sale of Business and Assets).
<b>Bank Accounts of the Sellers</b>	means the following the bank account of Tony Keith Beijing and Tony Keith Guangzhou details of which are specified below: <b>Account Name:</b> Tongzhi (Beijing) Consulting Service Limited <b>Bank Name:</b> Beijing Bank SOHO Building Branch

**Account Number:** 0109 0699 0001 2010 9048 247

**Account Name:** Guangzhou Dongli Consulting Service Limited

**Bank Name:** China Merchant Bank, Guangzhou World Trade Building Branch

**Account Number:** 2011181035610001

- “Books and Records”** as defined in **Clause 2.4.**
- “Business”** means the business of providing executive and management search and recruitment services in the information technology and telecommunications sector as carried on by the Sellers in the PRC as at the date of this Agreement.
- “Business Contracts”** means the contracts and agreements relating to the Business to which any of the Sellers is a party, certain identifying features and key terms of which are summarised in **Schedule 9.**
- “Business Day”** means a day (other than a Saturday) on which banks in Hong Kong and the PRC are open for general banking business.
- “By-laws”** with respect to any Person, means the by-laws, articles of association or other equivalent governing regulations of such Person.
- “Certificate of Incorporation”** means the certificate of incorporation, memorandum of association, business license, charter or other equivalent governing instrument of such Person.
- “China IT Team”** means the business group (being part of the Purchaser and Hudson Global Resources (Hong Kong) Limited 翰德國際顧問有限公司)), which focuses on the information technology and telecommunications sector in the PRC.

<b>“Completion”</b>	as defined in <b>Clause 3.1.1</b> .
<b>“Completion Date”</b>	as means the date falling on or prior to the fifth Business Day after the day on which the last of the conditions to be satisfied in accordance with Clause 13 shall have been fulfilled or waived, being not later than the date falling twelve (12) months after the date of signing of this Agreement, or such other date as shall be agreed in writing by the parties.
<b>“Computer Systems”</b>	as defined in paragraph (13) of part 2 of <b>Schedule 6</b> .
<b>“Confidential Information”</b>	means information (however stored) relating to or connected with the Business or the Assets details of which are not in the public domain including, without limitation, information concerning or relating to: <ol style="list-style-type: none"><li>(1) the Sellers;</li><li>(2) any technical processes, future projects, business development or planning, commercial relationships and negotiations; and</li><li>(3) the marketing of services including, without limitation, customer, client and supplier lists, price lists, sales targets, sales statistics, market share statistics, market research reports and surveys and advertising or other promotional materials and details of contractual arrangements and any other matters concerning the clients or customers of or other persons having dealings with the Sellers.</li></ol>
<b>“Consideration”</b>	means the RMB equivalent of the sum of USD 1,000,000 (US dollars One Million).
<b>“Defaulting Party”</b>	as defined in <b>Clause 16.1</b> .
<b>“Employee Benefit Plan”</b>	as defined in paragraph (20) of part 2 of <b>Schedule 6</b> .
<b>“Employees”</b>	means all of the employees of the Sellers used in connection with the Business.

<b>“Employment Contracts”</b>	as defined in <b>Clause 3.6</b> .
<b>“Encumbrance”</b>	means any mortgage, option, assignment right to acquire, deed of trust, pledge, charge, lien, factoring arrangement, title retention agreement, hire purchase, conditional sale or credit sale agreement, adverse claim, title defect, or other form of security arrangement or encumbrance of any nature.
<b>“Excluded Assets”</b>	means all assets, property or rights of the Sellers relating to or in connection with, or belonging to or required for or used in the Business and which are not described in <b>Clause 2</b> (including, without limitations, all Trade/Accounts Receivables and Cash of the Sellers)
<b>“Fixed Assets”</b>	as defined in <b>Clause 2.1</b> .
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the PRC.
<b>“Hudson”</b>	means Hudson Highland Group Inc, a corporation established in Delaware, United States of America, having its principal place of business at 560 Lexington Avenue, 4th & 5th Floors, New York, NY 10022.
<b>“Indemnity Amount”</b>	means the maximum liability of the Sellers under this Agreement.
<b>“Intellectual Property”</b>	as defined in <b>Clause 2.3</b> .
<b>“Key Personnel”</b>	means the individuals whose particulars are set out in Part A of <b>Schedule 10</b> .
<b>“Liabilities”</b>	means all liabilities, obligations and indebtedness whatsoever of the Sellers and/or the Warrantors in respect of the Business, the Assets and/or the Employees and outstanding on, or accrued or referable to any period before the Completion Date or arising by virtue of

consummating the transaction as contemplated under this Agreement, including without limitation:

- (1) all borrowings, indebtedness and liabilities (including accrued interest) owed by the Sellers and/or the Warrantors to a financial institution, or between the Sellers and/or the Warrantors, or to any Person;
- (2) all liabilities and obligations under any guarantees, indemnities, and letters of comfort of any nature whatsoever given by the Sellers and/or any of the Warrantors in respect of any obligations or liabilities relating to the Business; and
- (3) all liability in respect of Taxes of the Sellers and/or any of the Warrantors or related to the conduct of the Business or mandatory contributions or withholding required or to be required to be made by the Sellers in accordance with the applicable laws and regulations in respect of the Employees (including, without limitations, pension, unemployment, medical, occupational injury and maternity insurance, individual income tax withholding obligations and the like).

**“Longstop Date”**

as defined in **Clause 13.3**.

**“Material Contract”**

means any contract agreement or arrangement in respect of the Business which:

- (i) is outside the ordinary course of business of the Seller, or is not on commercial arm’s length terms; or
- (ii) if terminated or not fulfilled substantially in accordance with its terms, would cause operational difficulties to the Business or the relevant Seller; or

(iii) is important to (or has a substantial impact on the profitability of) any Seller and if terminated, may not be able to be adequately and promptly replaced on similar terms.

**“Non-defaulting Party”**

as defined in **Clause 16.1**.

**“Person”**

means any natural person, firm, partnership, association, corporation, company, trust, public body or government.

**“PRC”**

means the People’s Republic of China (for the purpose of this Agreement, excludes Taiwan, the Hong Kong and the Macau Special Administration Region of the PRC).

**“RMB”**

means Renminbi, the lawful currency of the PRC.

**“Taxation Authorities”**

means any revenues, customs, fiscal governmental, statutory, central, regional, state, provincial, local governmental or municipal authority, body or person, or any non-revenue and non-fiscal governmental institutions responsible for collecting Taxes on behalf of taxation authorities, whether of the PRC or elsewhere.

**“Taxes”**

as defined in paragraph (5) of part 2 of **Schedule 6**.

**“Tony Keith Shanghai”**

means a branch of Tony Keith Guangzhou in Shanghai, as located at Room 1107, South Tower, Hong Kong Plaza, No. 283, Huaihaizhong Road, Luwan District, Shanghai, PRC.

**“Trade Marks”**

means all trade marks (including the trade marks set out in **Schedule 2**) and, trade names (including registration and application for registration thereof) currently used by the Sellers, which include “Tony Keith”, “Tony Keith Associates”,

"通智咨询, 动利咨询".

**“Transaction Documents”**

means:

- (i) the Employment Contract;
- (iii) this Agreement; and
- (iii) any contract agreement or arrangement which relates to the subject matter of this Agreement,

and a *Transaction Document* means any of them;

- “**Transferred Employees**” means the individuals whose particulars are set out in Part B of **Schedule 10**.
- “**USD**” means US dollars, the lawful currency of the United States of America.
- “**US GAAP**” means generally accepted accounting principles and financial reporting accounting standards in the United States of America, consistently applied.
- “**Warranties**” as defined in **Clause 6.1**.

## 2. PURCHASE AND SALE OF BUSINESS ASSETS

Subject to and upon the terms and conditions set forth in this Agreement, the Sellers shall sell, and the Warrantors shall procure that the Sellers will, transfer, convey, assign and deliver to the Purchaser, and the Purchaser, in relying on the Warranties, representations and undertakings in this Agreement, shall purchase or acquire from the Sellers, at Completion, all rights, title and interest of the Sellers in and to certain of the properties, assets and rights of every nature, kind and description, tangible and intangible (including Intellectual Property (as defined below)), whether accrued, contingent or otherwise, and whether now existing or hereinafter acquired primarily relating to or used or held for use in connection with the Business as the same may exist on the Completion Date (collectively, the “**Assets**”) free from and clear of all liabilities, obligations, liens and Encumbrances, including without limitation, all those items in the following categories that conform to the definition of the term “**Assets**”:

- 2.1 Subject to **Clause 2.5.2** below, all office equipment such as furniture, furnishings, fittings, computer equipment and similar property (including any of the foregoing purchased subject to any conditional sales or title retention agreement in favor of any other Person) (“**Fixed Assets**”);
- 2.2 real property (including any buildings) and leaseholds and other interests therein in the premises leased or occupied by the Sellers;
- 2.3 all:
- 2.3.1 patents throughout the world and applications therefor, listed in **Schedule 2** hereto and all applications for patents filed after the date hereof, if any;



- 2.3.2 trade marks, service marks and registered user names throughout the world, listed in **Schedule 2**, (including registrations and applications for registration thereof) if any;
  - 2.3.3 copyright registrations throughout the world and applications therefore, and any other non-registered copyrights; and
  - 2.3.4 plans, non-marketing trade secrets, procedures and research records, know-how, wherever located,  
(the items described in **Clauses 2.3.1** through **2.3.4**, and all patents, patent applications, trade marks and service marks listed in **Schedule 2** collectively referred to as the “**Intellectual Property**”);
- 2.4 subject as provided in **Clause 3.4**, documents and records relevant to the Business and/or the Assets which are in the possession or control of the Sellers and/or the Warrantors (including, without limitation, all advertising material, catalogues, price lists, mailing lists, lists of customers, distribution lists, photographs, sales and promotional materials and records, purchasing materials and records, personnel records, patent disclosures, media materials and plates, and other documents and all computer disks, tapes, other machine legible programs and all other records, whether required to be kept or retained under law or otherwise), and photocopies of accounting records, sales order files and litigation files (collectively, “**Books and Records**”) (except for the Sellers’ corporate records to the extent not relevant to the operation of the Business); and
- 2.5 to the extent their transfer is permitted by law, all governmental licenses, permits, approvals, license applications, license amendment applications and product registrations relating to the Business,

Provided always that the definition of the term “**Assets**” shall exclude:

- 2.5.1 cash held by the Sellers and/or the Warrantors (as the case may be) in any bank account or otherwise (“**Cash**”);

- 2.5.2 any assets sold or otherwise disposed of in the ordinary course and not in violation of any provisions of this Agreement on or prior to Completion; and
- 2.5.3 any trade/accounts receivable held by the Sellers and/or the Warrantors (as the case may be), and other indebtedness of and rights to receive payments from any Person held by the Sellers and/or the Warrantors (as the case may be) before Completion (“**Trade/Accounts Receivable**”).

### 3. COMPLETION

#### 3.1 Time and Place of Completion

- 3.1.1 Subject always to satisfaction or waiver of the conditions precedent set out in **Clause 13** (Conditions Precedent to Parties’ Obligations), and subject further to the provisions of **Clause 3.1.2**, closing of the sale and purchase of the Assets (“**Completion**”) shall take place on the Completion Date at the office of the Purchaser’s Solicitors or such other time and place as the parties may agree upon.
- 3.1.2 In the event that any of the conditions precedent set out in **Clause 13** has not been so satisfied by the Completion Date, the Purchaser may by notice to the Sellers:
  - 3.1.2.1 waive any of the conditions precedent set out in **Clause 13** and proceed to Completion to the extent reasonably practicable;
  - 3.1.2.2 postpone Completion to a date not more than five (5) Business Days after satisfaction or waiver of all such conditions precedent.
  - 3.1.2.3 terminate this Agreement.
- 3.1.3 The day on which Completion actually takes place is herein sometimes referred to as the “**Completion Date**”.

#### 3.2 Completion

- 3.2.1 At Completion, the Sellers shall:
  - 3.2.1.1 deliver the Transaction Documents duly executed by the Sellers;

- 3.2.1.2 procure that the Key Personnel enter into the Employment Contracts;
  - 3.2.1.3 transfer title and deliver the Assets to the Purchaser; and
  - 3.2.1.4 comply fully with their obligations under **Schedule 8**.
- 3.2.2 At Completion, the Purchaser shall pay the Consideration to the Sellers in accordance with Clause 4.1.2 and comply fully with its obligations under **Schedule 8**

3.3 **Intentionally Omitted**

3.4 **Books and Records**

Subject as provided in **Clause 2.4**, the Sellers shall, upon written request by the Purchaser at any time after Completion, deliver or procure to delivered to the Purchaser (or its employees and/or advisers) the Books and Records.

3.5 **Notice to Customers**

As soon as reasonably practicable after Completion, the Sellers shall procure that a notice in the form exhibited in **Exhibit B** be issued to each of the regular customers of the Sellers; such customers shall include the customers identified in **Schedule 5**.

3.6 **Employment Contracts**

At Completion each Key Personnel shall, and the Sellers shall procure that each of the Transferred Employee will, enter into an agreement for employment with the Purchaser substantially in the form set out in **Exhibit C** ("**Employment Contract**").

3.7 **Dissolution of Tony Keith Beijing and Tony Keith Guangzhou**

Forthwith following Completion the Sellers shall, and shall procure that each of the Warrantors will:

- 3.7.1 subject to clause 3.7.2, ensure Tony Keith Beijing and Tony Keith Guangzhou will not carry on any business other than collecting the outstanding customer invoices in relation to the operation of the Business by the Sellers prior to Completion as set out in the list delivered to the Purchaser on or prior to signing of this Agreement; and

- 3.7.2 dissolve of each of the Tony Keith Beijing and Tony Keith Guangzhou within 12 months after Completion or such further period as the Purchaser may agree.

#### 4. CONSIDERATION

##### 4.1 Consideration

- 4.1.1 The consideration payable by the Purchaser to the Sellers or the Warrantors (as the case may be) in respect of the Assets and other undertakings and covenants, shall be an amount equal to the RMB equivalent of USD1,000,000 (US Dollars One Million) to be paid at Completion and apportioned between the Sellers in the proportions set opposite their names in the table below:

Tony Keith Beijing	70%
Tony Keith Guangzhou	30%

- 4.1.2 The Consideration shall be paid, in RMB by way of delivery of irrevocable instructions, on the next Business Day following the Completion Date to the Purchaser's bank(s) for wire transfer of the relevant amount(s) to the Bank Accounts of the Sellers and/or the Warrantors so that the Sellers will receive such relevant amount(s) respectively for value within five (5) Business Days of such instructions.

- 4.1.3 All Consideration payable pursuant to this Agreement must be paid in RMB. Where a sum is stated in a currency other than in RMB, it shall be converted by reference to the relevant conversion rate for telegraphic transfers published by The Hongkong and Shanghai Banking Corporation Limited one Business Day prior to the date upon which payment is made.

**4.2 Allocation of Consideration**

- 4.2.1 The Consideration constitutes consideration for the Assets of the Sellers, and the Sellers and the Warrantors' obligations under this Agreement, including but not limited to the obligations of each of the Warrantors under **Clause 11**, and the Warrantors' agreement to enter into an Employment Contract. Likewise, the due and full observance of and compliance with all the terms and conditions of this Agreement shall constitute the Consideration.

**5. ASSETS AND LIABILITIES NOT ASSUMED BY THE PURCHASER****5.1 Assets and Liabilities not included in this transaction**

- 5.1.1 The following are expressly excluded from the transaction as contemplated under this Agreement:

- 5.1.1.1 the Liabilities;
- 5.1.1.2 the Excluded Assets;
- 5.1.1.3 any right of action to which each of the Sellers may be entitled (whether in contract, tort or otherwise); and
- 5.1.1.4 any Tax for which each of the Sellers is liable whether or not then due and any liability for financing charges relating to the Assets and/or Business attributable to periods or transactions completed before the Completion Date.

**5.2 Intentionally omitted****5.3 Indemnity**

- 5.3.1 The Sellers and the Warrantors shall indemnify and hold the Purchaser harmless from, against and in respect of, and shall reimburse the Purchaser for the debts and liabilities whatsoever related to the Business arising before Completion in accordance with the relevant court judgment or decision of an arbitration forum, including without limitation, the following:
- 5.3.1.1 any and all loss, liability or damage suffered or incurred by the Purchaser in connection with the Liabilities;

- 5.3.1.2 any and all loss, liability or damage suffered or incurred by the Purchaser in respect of or in connection with Taxes; and
  - 5.3.1.3 any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including, without limitation, legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity;
  - 5.3.1.4 any and all rents, rates, gas, water, electricity and other outgoings of the Sellers whatsoever up to and including Completion; and
  - 5.3.1.5 any and all debts, obligations and liabilities pertaining to the employment and termination (as the case may be) of the Key Personnel and the Transferred Employees of any Seller, including without limitation, any salaries, wages, severance, long service, redundancy or other statutory payments, payments in lieu of notice and/or annual leave or other contractual or statutory entitlements, Taxes, accrued bonus and any PRC social insurance accruing before and up to the date of Completion (inclusive).
- 5.3.2 For the purpose of this indemnity, the Sellers hereby agrees that any of the liabilities set out in Clause 5.1 or paragraphs (1) to (5) of Clause 5.3.1 incurred or suffered by the Purchaser shall be deemed to be loss or damage suffered by any and each of them, and recoverable against the Sellers under this indemnity.
- 5.3.3 Each of the indemnities in this Agreement, including the indemnities in Clause 5.3.1 or Clauses 5.3.1.1 to 5.3.1.5, constitutes a separate and independent obligation from the other obligations in this Agreement, shall give rise to a separate and independent cause of action, shall apply notwithstanding any contrary provisions in this Agreement and irrespective of any indulgence granted by the Purchaser, and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Agreement or any other judgment or order.

5.4 **Claims**

5.4.1 In respect of any Liabilities, the Purchaser shall give notice as soon as it is reasonably practicable in writing to the Sellers of any claim made against the Purchaser, or of the receipt of notice from any person of any intention to hold the Purchaser responsible for any Liabilities.

5.4.2 So long as the Purchaser agree:

5.4.2.1 to give the Sellers all such information and assistance as the Sellers may reasonably require; and

5.4.2.2 not by themselves or their employees or agents to make any admission of liability nor make any offer, promise, compromise or settlement nor incur costs or expenses relating to any claim without the prior written consent of the Sellers,

the Sellers shall indemnify and keep the Purchaser fully and continuously indemnified against any and all liabilities or loss arising from, and any costs, charges or expenses incurred in connection with any such claim. Nothing in the foregoing provisions of this **Clause 5.4** shall prejudice any entitlement of the Purchaser under **Clause 5.3**.

5.5 **Tax**

If any payment due under this **Clause 5** or otherwise under this Agreement is subject to Tax of the PRC, the Purchaser may demand in writing from the Sellers such sum (after taking into account any such Tax payable in respect of such sum) as will ensure that the Purchaser receive and retain a net sum equal to the sum which it would have received had the payment not been subject to such Tax. The Sellers shall pay any sum which is so demanded upon receipt of such demand together with a confirmation of such demand from an independent accountant mutually agreed by the parties or failing agreement within five (5) Business Days, nominated at the request of either party by the president for the time being of the Hong Kong Society of Accountants.

**6. REPRESENTATIONS AND WARRANTIES GIVEN BY SELLERS AND WARRANTORS****6.1 Representations and Warranties**

The Sellers and the Warrantors hereby represent, warrant and undertake to the Purchaser that each of the statements set out in part 1 and part 2 of **Schedule 6** ("**Warranties**") subject to the exceptions set forth in **Schedule 11** ("**Exception Schedule**"), the section numbers and letters of which correspond to the section numbers and letters of the Warranties, is true and accurate in all respects at the date of this Agreement and not misleading and will be true and accurate in all respects and not misleading at all times hereafter up to Completion. The Sellers acknowledges that s/he has made those statements with the intention of inducing the Purchaser to enter into this Agreement and that the Purchaser have been induced to enter into this Agreement by the Warranties and has entered into this Agreement on the basis of and in full reliance upon them.

**6.2 Separate and Independent Warranty**

Each of the Warranties shall be construed as a separate and independent warranty and (save where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from any other terms of this Agreement or any other Warranty.

**6.3 Continuing Rights**

The rights and remedies of the Purchaser in respect of any breach of any of the Warranties shall continue to subsist notwithstanding Completion until two (2) years after the Completion Date.

**6.4 No Breach of Warranty**

Without prejudice to any right or remedy of the Purchaser, the Sellers hereby agrees that they will use their best efforts not to allow or procure any act or omission in the period up to Completion which could constitute a breach of any of the Warranties.

**6.5 Disclosure of Breach**

The Sellers and the Warrantors hereby undertakes with the Purchaser that they will immediately disclose in writing to the Purchaser any event or circumstance which arises or becomes known to them after the date of this Agreement and before Completion which is inconsistent with any of the Warranties or which has or is likely to have an adverse effect on the value or financial position or business prospects of the Business or the Assets.



**6.6 Verification of Warranties**

The Sellers shall be given all such facilities as they (or their authorized representatives) may reasonably require to enable the Purchaser to be satisfied with regard to the accuracy of the Warranties, provided that the Warranties shall not be deemed in any way modified or discharged by reason of any investigation made or to be made by or on behalf of the Purchaser or by reason of any information relating to the Business of which the Purchaser has knowledge (actual implied or constructive).

**6.7 Indemnification**

The Sellers and the Warrantors hereby undertake to the Purchaser that they will, on demand, indemnify and keep the Purchaser harmless from and against all and any actions, proceedings, claims, liabilities, losses, costs and expenses (including, without limitation, all costs and expenses incurred in disputing or defending any of the foregoing on a full indemnity basis) which may be made or brought against the Purchaser, or which the Purchaser may suffer or incur as a result of or in relation to any material misrepresentation by the Sellers, or any material breach of the Warranties or any other representations and warranties contained in this Agreement on their respective part, or any failure by any of them to perform its material obligations under the undertakings or agreements contained in this Agreement, including without limitation, all costs (including legal costs) and expenses incurred by the Purchaser either before or after the commencement of any action in connection with:

- 6.7.1 any and all losses, liabilities or damages suffered or incurred by the Purchaser by reason of any material breach of Warranty;
- 6.7.2 the settlement of any claim that any of the Warranties has been materially breached or is materially untrue, inaccurate or misleading;
- 6.7.3 any legal proceedings arising out of or in connection with any material claim or breach of any of the Warranties; or
- 6.7.4 the enforcement of any settlement or judgment relating to any of the aforesaid.

**6.8 Claims**

In the event of a claim in respect of any Warranties, the Purchaser shall give to the Sellers written notice of such claim as soon as reasonably practicable but in any case not later than ten (10) Business Days after the receipt of such claim, specifying in reasonable details the breach to which the claim relates and (if capable of being quantified at that time) the amount claimed.

**6.9 Damages**

In the event of any breach or non-fulfilment of any of the Warranties resulting in:

6.9.1 the value of the Assets (or any part thereof) being or becoming less than it would have been had the relevant circumstances been as so warranted; or

6.9.2 the Purchaser having incurred or incurring any liability which it would not have incurred had the relevant circumstances been as so warranted,

then, without prejudice to any other rights or remedies available to the Purchaser and without restricting its ability to claim damages on any other basis, the Sellers and the Warrantors agree to pay to the Purchaser, on demand, an amount sufficient to make good the diminution in the value of the Assets or an amount equal to the liability thereby incurred.

**6.10 Availability of Further Remedies**

The rights of the Purchaser under **Clause 6.7** shall be in addition and without prejudice to any other right or remedy available to it under this Agreement or otherwise.

**7. REPRESENTATIONS AND WARRANTIES GIVEN BY PURCHASER****7.1 Execution, Delivery and Performance of Agreements; Authority**

The Purchaser has full power and authority and has taken all action necessary to execute and deliver and to exercise its rights and perform its obligations under this Agreement and each of the documents in the agreed form to be executed on or before Completion constitutes valid and binding obligations on the Purchaser in accordance with their terms.

**8. PRE-CLOSING OBLIGATIONS****8.1 Conduct Of Business Prior To Completion**

Prior to Completion, the Sellers shall conduct the business and affairs of the Business in the ordinary course and consistent with its prior practice and shall maintain, keep and preserve the Assets and all other assets and properties of the Business in good condition and repair and maintain insurance thereon in accordance with present practices, and the Sellers will use the Seller's best efforts to:

- 8.1.1 keep the business and organization of the Business intact;
- 8.1.2 keep available to the Purchaser the services of the Business' present officers, employees, agents and independent contractors;
- 8.1.3 preserve for the benefit of the Purchaser the goodwill of the Business's suppliers, customers, landlords and others having business relations with it; and
- 8.1.4 keep full and complete books of accounts and other records of the Business and of each of the Sellers.

Without limiting the generality of the foregoing, prior to Completion, the Sellers shall not, without the Purchaser's prior written approval (such approval not to be unreasonably withheld):

- 8.1.4.1 change or cause to be changed its business license or Articles of Association, or merge or consolidate or obligate itself to do so with or into any other entity;
- 8.1.4.2 perform, take any action or incur or permit to exist any of the acts, transactions, events or occurrences of the type (1) described in paragraph (6) of part 2 of **Schedule 6** of this Agreement which would be inconsistent with the Warranties or (2) described in paragraph (3) of part 1 or paragraph (2) of part 2 of **Schedule 6**;
- 8.1.4.3 amend or alter the existing purchasing, pricing or selling policy of the Business;

- 8.1.4.4 institute changes in management policy of a significant nature in relation to the Business;
- 8.1.4.5 terminate the employment of any of the Transferred Employees of the Sellers or alter any existing term of their employment or engage more employees who are used in connection with the Business;
- 8.1.4.6 do or suffer to be done any act or thing which may immediately or in the future adversely affect the goodwill of the Business; or
- 8.1.4.7 fail to keep in force its existing insurance policies as disclosed to the Purchaser in respect of the Business and the Assets,

and shall consult the Purchaser before taking action in relation to any matters of importance in connection with the Business or the Assets.

**8.2 Disclosure of Change**

Without prejudice to **Clause 6.5**, the Sellers shall immediately notify the Purchaser of any change in any of the information contained in the representations and warranties made in **Schedule 6** or elsewhere in this Agreement or the schedules or exhibits referred to herein which occurs prior to Completion.

**9. ACCESS TO INFORMATION AND DOCUMENTS**

Upon reasonable notice and during regular business hours, the Sellers shall give the Purchaser and the Purchaser's attorneys, accountants, professional advisors and other representatives full access to the personnel of each Seller and all properties, Books and Records and will furnish the Purchaser with copies of such Books and Records (certified by the relevant Seller's officers if so requested) and with such information with respect to the affairs of the Business as the Purchaser may from time to time reasonably request, and the Purchaser shall hold in confidence and not disclose the same prior to and including Completion. Any such furnishing of such information to the Purchaser or any investigation by the Purchaser shall not affect the Purchaser's right to rely on any representations and warranties made in this Agreement or in connection herewith or pursuant thereto.

**10. EMPLOYMENT CONTRACTS****10.1 Employment Contracts with the Warrantors**

10.1.1 Each of the Warrantors (as Key Personnel) undertakes to the Purchaser in the terms of the Employment Contract.

**10.2 Employees of the Business**

10.2.1 The Sellers shall use the Sellers' reasonable commercial efforts to cause each of the Key Personnel and the Transferred Employees to accept the employment of the Purchaser under the PRC law.

10.2.2 To give effect to **Clause 10.2.1**, each of the Sellers shall serve notice to such employees terminating their employment with effect from the Completion Date.

10.2.3 Subject to termination of employment by the Sellers and Completion occurring and provided that there will be no transfer of any accrued benefits and entitlements owed to each Key Personnel and each of the Transferred Employees by the Sellers, the Purchaser shall under formal notice offer to re-employ each such employee on terms not less favorable than their terms of employment with the Sellers, such employment to commence immediately after the Completion Date.

10.2.4 Each of the Sellers shall use its reasonable commercial efforts to obtain from each of the Key Personnel and Transferred Employees, for delivery to the Purchaser at Completion, waivers of short notice of termination, and confirmations of receipt of all compensations, including without limitation, salaries, wages, severance, long service or redundancy payments, payments in lieu of notice, payments for annual leave entitlements, Taxes, accrued bonus, Employee Benefit Plan contributions and all other contractual or statutory entitlements, in form and substance satisfactory to the Purchaser.

**10.3 Indemnification**

Without prejudice to any other Clause of this Agreement, the Warrantors and the Sellers hereby declares that they shall be responsible for and shall indemnify the Purchaser against any and all debts, claims, obligations and liabilities whatsoever arising out of or in connection with the employment, and/or termination of the Key Personnel and the Transferred Employees by the Sellers pursuant to **Clause 10.2** or

any claim or other legal recourse by all or on behalf of all or any of the Key Personnel and the Transferred Employees in respect of any fact or matter concerning or arising from their employment or its termination prior the Completion Date, including without limitation, any salaries, wages, severance, long service or redundancy payments, payments in lieu of notice, payments for annual leave entitlements, Taxes, accrued bonus, Employee Benefit Plan contributions, PRC social insurance, or other contractual or statutory entitlements.

#### 10.4 **Claims**

10.4.1 In respect of any of the debts, claims, obligations and liabilities referred to in **Clause 10.2**, the Purchaser shall give notice as soon as it is reasonably practicable in writing to the Sellers of any claim made against the Purchaser, or of the receipt of notice from any person of any intention to hold the Purchaser responsible for any such debts, claims, obligations and liabilities.

10.4.2 So long as the Purchaser agree:

10.4.2.1 to give the Sellers all such information and assistance as the Sellers may reasonably require; and

10.4.2.2 not by themselves or their employees or agents to make any admission of liability nor make any offer, promise, compromise or settlement nor incur costs or expenses relating to any claim without the prior written consent of the Sellers,

the Sellers shall indemnify and keep the Purchaser fully and continuously indemnified against any and all liabilities or loss arising from, and any costs, charges or expenses incurred in connection with any such claim. Nothing in the foregoing provisions of this **Clause 10.4** shall prejudice any entitlement of the Purchaser under **Clause 10.3**.

### 11. **NON-COMPETITION**

#### 11.1 **Non-Competition Covenant**

Each of the Sellers and the Warrantors undertakes to the Purchaser that during the Restriction Period applicable to each of them, none of the Sellers, the Warrantors nor any of their respective Affiliate will, whether directly or indirectly and either alone

or in conjunction with, or on behalf of, any other person and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise:

- 11.1.1 be concerned with, engaged or interested in any business in any manner which is in direct competition with the business currently carried on by the Purchaser and/or its Affiliates and the business carried on by the China IT Team in Hong Kong and the PRC ("**Territory**") at any time during the Restriction Period;
- 11.1.2 canvass, solicit or approach or cause to be canvassed, solicited or approached in any manner, any person in the Territory who is or has been during the Restriction Period a client of the Purchaser and/or any of its Affiliate;
- 11.1.3 solicit or entice away, or endeavor to solicit or entice away, any person who is or has been during the Restriction Period an employee, office manager, consultant, sub-contractor or agent of the Purchaser and/or any of its Affiliate; and
- 11.1.4 do or say anything which is intended to damage the goodwill or reputation of the Purchaser and/or any of its Affiliate or intended to lead any person to cease to do business with the Purchaser and/or any of its Affiliate on substantially equivalent terms to those previously offered or not to engage in business with the Purchaser and/or any of its Affiliate.

11.2 For the purposes of this **Clause 11, "Restriction Period"** means:

- 11.2.1 in relation to each of the Warrantors, the period from Completion until the later of the date (i) 3 years from the Completion Date; or (ii) 6 months from the last day of the Relevant Period (as defined in clause 11.3 below), and
- 11.2.2 in relation to each Seller, the period from the Completion Date until the date upon which each of them shall cease to carry on their respective business and be dissolved.

11.3 For the purposes of this **Clause 11, "Relevant Period"** means the period during which any of the Warrantors act as a director or employee of the Purchaser and/or any of its Affiliate.

**12. FURTHER ASSURANCES**

After Completion, and for no further consideration, the Sellers and the Warrantors shall (a) perform all reasonable acts (including, without limitation, the use of the Sellers best efforts to enable the Purchaser to accomplish transfer of registration, permits, approvals and the like (to the extent such transfer is permitted by law) as contemplated by this Agreement) and (b) execute, acknowledge and deliver such assignments, transfers, consents and other documents and instruments as the Purchaser or their counsel may reasonably request, in each case, to vest in the Purchaser, and protect their right, title and interest in, and enjoyment of, the Assets intended to be assigned and transferred to the Purchaser pursuant to this Agreement.

**13. CONDITIONS PRECEDENT TO THE PARTIES' OBLIGATIONS****13.1 Conditions Precedent to the Purchaser's Obligations**

All obligations of the Purchaser hereunder are subject, at the option of the Purchaser, to fulfillment in all respects of each of the following conditions at or prior to Completion (unless expressly waived by the Purchaser in writing), and the Sellers shall use his/her best efforts to cause each such condition to be so fulfilled:

- 13.1.1 All representations and warranties of the Sellers contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and shall be deemed to have been made again at and as of Completion, and shall then be true and correct in all material respects except for changes in the ordinary course of business after the date hereof in conformity with the covenants and agreements contained herein.
- 13.1.2 All covenants, agreements and obligations required by the terms of this Agreement to be performed by the Sellers at or before Completion shall have been duly and properly performed in all respects.
- 13.1.3 Since the date of this Agreement, there shall not have occurred any material adverse change in the Business or the Assets.
- 13.1.4 There shall be delivered to the Purchaser a certificate executed by the Sellers as of Completion, certifying that the conditions set forth in **Clauses 13.1.1, 13.1.2 and 13.1.3** have been fulfilled.



- 13.1.5 The Purchaser shall have been satisfied that all Encumbrances over any part of the Assets have been discharged and satisfied in full in accordance with the applicable laws.
- 13.1.6 Each of the Key Personnel shall have accepted the employment of the Purchaser.
- 13.1.7 All consents, approvals, orders, permissions or authorizations of, notices to, or registrations, declarations or filings with, any governmental or regulatory authority or entity, domestic or foreign, required on the part of the Purchaser (including without limitation, the relevant governmental approval for the registration of branches and operating licences in Guangzhou, Beijing and Shanghai by the Purchaser or its Affiliate) in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby have been obtained, and any conditions or requirements therein, have been duly complied with.

13.2 **Conditions Precedent to the Sellers' and Warrantors' Obligations**

All obligations of the Sellers and Warrantors hereunder are subject, at the option of the Sellers and Warrantors, to fulfillment in all respects of each of the following conditions at or prior to Completion (unless expressly waived by the Sellers and Warrantors in writing), and Purchaser shall use their best efforts to cause each such condition to be so fulfilled:

- 13.2.1 All representations and warranties of the Purchaser contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and shall be deemed to have been made again at and as of Completion, and shall then be true and correct in all material respects except for changes in the ordinary course of business after the date hereof in conformity with the covenants and agreements contained herein.
- 13.2.2 All covenants, agreements and obligations required by the terms of this Agreement to be performed by the Purchaser at or before Completion shall have been duly and properly performed in all respects.

**13.3 Longstop Date**

If any of the conditions set out in **Clauses 13.1** and **Clause 13.2** have not been satisfied or waived by the date which is 12 months after the date of signing of this Agreement ("**Longstop Date**"), either the Purchaser or the Sellers may, by notice to the other party or parties, at any time after the Longstop Date, terminate this Agreement (other than **Clauses 14.5** and **17.10**, which shall survive any termination) in which event no party shall have any claim of any nature whatsoever against any other party under this Agreement (save in respect of any rights and liabilities of the parties which have accrued before termination).

**14. POST-CLOSING OBLIGATIONS****14.1 Business Contracts**

The Sellers shall use best efforts to enable the Business Contracts in **Schedule 9** to be novated to the Purchaser with the signed consent of the relevant counterparty, or a new agreement signed by the relevant counterparty to be delivered in favour of the Purchaser on terms no less favourable than as contained in the relevant Business Contracts.

**14.2 Leases of Commercial Premises**

Within two (2) months after Completion, the Sellers shall use best efforts to assist the Purchaser in obtaining consent of the landlords for the transfer of the following leases to the Purchaser:

14.2.1 Guangzhou lease;

14.2.2 Beijing lease; and

14.2.3 Shanghai lease.

The rents and all outgoings shall be discharged by the Sellers and/or the Warrantors up to and inclusive of the Completion Date; and, subject to completion of such transfer, as from but exclusive of the Completion Date, all rents and outgoings shall be discharged by the Purchaser. All such rents and outgoings shall, if necessary, be apportioned between the Sellers and/or the relevant Warrantor of one part and the Purchaser of the other part at completion of the transfer. The Purchaser shall pay to the relevant Seller any security deposit paid to and deposited with the landlord in respect of the aforesaid leases upon completion of such transfer.

**14.3 Dissolution of each of Tony Keith Guangzhou and Tony Keith Beijing**

The Sellers shall procure that each of Tony Keith Guangzhou and Tony Keith Beijing will be dissolved within 12 months after Completion or such further period as the Purchaser may agree.

**14.4 Trade/Account Receivables**

14.4.1 The Purchaser agree that within 6 months after Completion, the Sellers and any sales staff of the Key Personnel and Transferred Employee may assist in the collection of any Trade/Accounts Receivable due to the Sellers, provided that any such assistance shall be rendered in a proper and reasonable manner without affecting adversely the interest of the Purchaser, and provided further that nothing in the foregoing shall affect their obligations under **Clause 11**, or any similar undertakings under the Employment Contracts.

**14.5 Confidential Information**

14.5.1 The Sellers and the Warrantors jointly and severally undertake that they shall not, at any time after Completion, use (other than for the benefit of the Purchaser) or (save as required by law) disclose or divulge to any Person any Confidential Information and will use their best endeavors to prevent the unauthorized use, publication or disclosure of any Confidential Information. Without prejudice to any other rights or remedies that the Purchaser may have, the Sellers and the Warrantors acknowledge and agree that if the Confidential Information is disclosed in breach of this **Clause 14.5.1**, the Purchaser shall, without proof of special damage, be entitled to an injunction or other equitable relief for any threatened or actual breach of the provisions of this **Clause 14.5.1**, in addition to any damages or other remedy to which it may be entitled.

The Purchaser undertakes that if, for any reason, Completion does not happen, it shall not, at any time after the date hereof, use, or (save as required by law) disclose or divulge to any Person any Confidential Information and will use their best endeavours to prevent the unauthorise use, publication or disclosure of any Confidential Information. Without prejudice to any other rights or remedies that the Sellers and the Warrantors may have, the

Purchaser acknowledges and agrees that if the Confidential Information is disclosed in breach of this **Clause 14.5**, the Sellers and the Warrantors shall, without proof of special damage, be entitled to an injunction or other equitable relief for any threatened or actual breach of the provisions of this **Clause 14.5**, in addition to any damages or other remedy to which it may be entitled.

## 15. NOTICES

### 15.1 Service

Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing, addressed to the recipient party at the address indicated below, and personally delivered, deposited in the postal system, first-class mail, certified, return-receipt requested or deposited for delivery with a nationally recognized overnight courier service. Notices shall be deemed given on the date of actual delivery when personally delivered, as evidenced by a written acknowledgment of receipt; on the date of delivery set forth on the return receipt card, if sent by the postal system; or two (2) Business Days after deposit with a nationally recognized overnight courier service. Any party may change its address for notices by giving a notice of such change in any of the manners set forth above at least ten (10) Business Days prior to the effective date thereof.

### 15.2 Addresses

Notices to the Sellers and the Warrantors shall be addressed to:

Attention: Mr Raymond Wong  
Address: B609, Soho Building, 88 Jianguo Road, Beijing, PRC]  
Fax: +8610-85898289

Notices to the Purchaser shall be addressed to:

Attention: Mr Albert Tin Chung Kwong  
Address: 1501-7 Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong  
Fax: +852-2838-8924

**16. LEGAL AND OTHER COSTS****16.1 Enforcement Costs**

In the event that any party (the “**Defaulting Party**”) defaults in its obligations under this Agreement and, as a result thereof, the other party (the “**Non-defaulting Party**”) seeks to legally enforce its rights hereunder against the Defaulting Party, then, in addition to all damages as capped by the Indemnity Amount and other remedies to which the Non-defaulting Party is entitled by reason of such default, the Defaulting Party shall promptly pay to the Non-defaulting Party an amount equal to all costs and expenses (including reasonable attorneys’ fees) paid or incurred by the Non-defaulting Party in connection with such enforcement.

**16.2 Interest**

Subject as otherwise provided in this Agreement, in the event that the Non-defaulting Party is entitled to receive an amount of money by reason of the Defaulting Party’s default hereunder, then, in addition to such amount of money, the Defaulting Party shall promptly pay to the Non-defaulting Party a sum equal to interest on such amount of money accruing at the rate of 2 % per annum above the best lending rate for US Dollars quoted by The Hongkong and Shanghai Banking Corporation Limited Head Office in Hong Kong from time to time (but if such rate is not permitted under the applicable laws, then at the highest rate which is permitted to be paid under the applicable laws during the period between the date such payment should have been made hereunder) and the date of the actual payment thereof.

**17. MISCELLANEOUS****17.1 Entire Agreement**

This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified, amended or terminated except by a written agreement specifically referring to this Agreement signed by the parties hereto.

17.2 The Indemnity Amount shall not be more than USD 1,000,000 (US dollars One Million)

17.3 **Waiver**

No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

17.4 **Binding on Successors**

This Agreement shall be binding upon and inure to the benefit of each corporate party hereto, its successors and assigns, and each individual party hereto and his or her heirs, personal representatives and assigns.

17.5 **Headings**

The Clause headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said Clauses.

17.6 **Taxes**

All Taxes (including, without limitation, stamp duty) payable in connection with this Agreement and the sale, conveyances, assignments, transfers and deliveries to be made to the Purchaser as contemplated hereby, shall be borne and paid by the Sellers and/or the relevant Warrantors except that the Purchaser shall be responsible for paying the stamp duty required to be paid by the Purchaser in respect of this Agreement and the said sale, conveyances, assignments, transfers and deliveries.

17.7 **Counterparts**

This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed one original.

17.8 **Legal Fees**

The Purchaser and the Sellers shall bear their respective expenses, costs and fees (including attorneys' and auditors' fees) incurred by them; and the Sellers shall bear the expenses, costs and fees (including attorneys' and auditors' fees) incurred by him/her, in connection with the transaction contemplated hereby, including the preparation and execution of this Agreement and compliance herewith, whether or not the transaction contemplated hereby shall be consummated.

**17.9 Severability**

If any provision of this Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, or sub-clauses of this Agreement shall not affect the remaining portions thereof.

**17.10 Governing Law and Jurisdiction**

17.10.1 This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of PRC.

17.10.2 The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between officers of each company. If the dispute has not been resolved by negotiation within thirty 30 days after the date of such notice of dispute, then either party may submit the dispute to China International Economic and Trade Arbitration Commission (“**Arbitration Commission**”) for arbitration in accordance with its arbitration rules and procedures in force at the time of the arbitration application. The place of arbitration shall be in Beijing. There will be one arbitrator, to be appointed by the Arbitration Commission in accordance with the above rules and procedures. The arbitration shall be final and binding on the parties and the parties agree to be bound thereby and to act accordingly.

17.10.3 Unless the parties expressly agree otherwise, each party shall bear its own costs, legal and expert fees incurred in the arbitration. The cost and fees of the said arbitration commission shall be decided by the arbitrators.

17.11 **Risks**

The risk of any loss, damage, impairment, confiscation or condemnation of the Assets, or any part thereof shall be upon the Sellers at all times prior to Completion and shall be upon the Purchaser at all times on or after Completion.

17.12 **Joint and Several Liability**

Unless the contrary is stated, all representations, warranties, undertakings, covenants, agreements and obligations made, given or entered into in or relating to this Agreement by two or more Persons are made, given or entered into by those Persons jointly and severally.

17.13 **Good Faith**

Each of the parties hereto undertakes with each other to do all things reasonably within its or his power that are necessary or desirable to give effect to the spirit and intent of this Agreement.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

Signed by Raymond Wong ( 王国森 ) )  
in the presence of: )  
)  
)

Signature /s/ RAYMOND WONG

Witness signature \_\_\_\_\_

Witness name \_\_\_\_\_  
(block capitals)

Date: February 3, 2007

Signed by Jia Geng Yang ( 杨家更 ) )  
in the presence of: )  
)  
)

Signature /s/ JIA GENG YANG

Witness signature \_\_\_\_\_

Witness name \_\_\_\_\_  
(block capitals)

Date: February 3, 2007

Signed by Ming Xin Chen ( 陈明信 ) )  
in the presence of: )  
)  
)

Signature /s/ MING XIN CHEN

Witness signature \_\_\_\_\_

Witness name \_\_\_\_\_  
(block capitals)

Date: February 3, 2007

Signed by Raymond Wong for and on behalf of Tong )  
Zhi (Beijing) Consulting Service Ltd )  
(通智 (北京) 咨询服务有限公司)

Signature /s/ RAYMOND WONG  
Authorised signatory

Date: February 3, 2007

Signed by Raymond Wong for and on behalf of )  
Guangzhou Dong Li Consulting Service Ltd )  
(广州动利咨询服务有限公司)

Signature /s/ RAYMOND WONG  
Authorised signatory

Date: February 3, 2007

Signed by Gary William Lazzarotto )  
for and on behalf of Hudson Recruitment (Shanghai) )  
Limited (上海翰德人力资源有限公司)

Signature /s/ GARY WILLIAM LAZZAROTTO  
Director

Date: February 3, 2007

DATED

2007

(1) THE PERSON WHOSE NAME IS SET OUT IN PART 1 OF SCHEDULE 1

(as vendor)

- and -

(2) THE PERSON WHOSE NAMES IS SET OUT IN PART 2 OF SCHEDULE 1

(as purchaser)

- and -

(3) THE PERSONS WHOSE NAMES ARE SET OUT IN PART 3 OF SCHEDULE 1

(as warrantors)

---

**AGREEMENT**

relating to

the sale and purchase of the  
whole of the issued share capital  
of Leadway Holdings Group Limited

---

**DIBB LUPTON ALSOP**

(a global member of DLA Piper)

41/F, Bank of China Tower

1 Garden Road, Central

Hong Kong

Tel: 2103 0808

Fax: 2810 1345

Ref: MML.HW. 002262-001

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**BETWEEN:**

- (1) **THE PERSON** whose name and address is set out in **Part 1 of Schedule 1 (“Vendor”)**;
- (2) **THE PERSON** whose name and address is set out in **Part 2 of Schedule 1 (“Purchaser”)**; and
- (3) **THE PERSONS** whose names and addresses are set out in **Part 3 of Schedule 1 (“Warrantors”)**.

**BACKGROUND**

- A Leadway Holdings Group Limited (**“Company”**) is a private company limited by shares incorporated in the British Virgin Islands (company number 1062495) whose registered office is at Pail Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands, with an authorised capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, of which 50,000 shares (**“Sale Shares”**) have been issued and are fully paid.
- B The Vendor is the legal and beneficial owner of the numbers of Sale Shares set opposite his name in column (2) of **Part 1 of Schedule 1**.
- C The Warrantors are directly or indirectly the beneficial owners of Tony Keith Beijing and Tony Keith Guangzhou (defined below).
- D On or prior to the date of this Agreement, the Warrantors and/or Tony Keith Beijing and Tony Keith Guangzhou are engaged in the business of providing executive and management search and recruitment services in the information technology and telecommunications sector using the Trade Marks (defined below) in the PRC (**“Vendors’ Business”**).
- E The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for the Consideration and upon the terms and conditions set out in this Agreement.

**IT IS HEREBY AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 In this Agreement the following words and expressions shall (except where the context otherwise requires) have the following meanings:

**“Accounts”** means the consolidated audited accounts of the Purchaser comprising (inter alia) the audited balance sheet and the audited profit and loss account for the period ended on the relevant date, the notes and the cash flow statement relating thereto and the reports of the directors and auditors thereon prepared in accordance with US GAAP;

**“Acquisition Documents”** shall have the meaning ascribed to it in **Clause 16.1**;

**“Asset SPA”** means the sale and purchase agreement relating to the sale and purchase of the assets of the Vendors’ Business made between Tony Keith Beijing, Tony Keith Guangzhou, the Warrantors and Hudson Shanghai on or about the same date as the date of this Agreement and any other documents as contemplated thereunder;

**“Bank Account of the Vendor”** means the bank account of Raymond Wong details of which are specified below:

Account Name:	Raymond Wong
Bank:	The Hongkong and Shanghai Banking Corporation Limited
Account Number:	630-020287-833
Swift Code:	HSBCHKHHHKH
Bank Address:	1 Queen’s Road, Central, Hong Kong

**“Business Day”** means a day other than a Saturday or Sunday on which banks are open for commercial business in Hong Kong;

**“China IT Team”** means the business group (being part of Hudson HK and Hudson Shanghai), which focuses on the information technology and telecommunications sector in the PRC;

**“Companies Ordinance”** means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);

**“Company”** shall have the meaning ascribed to it in **Recital A** and as further described in **Schedule 2**;

**“Completion”** means the performance of all the obligations of the parties to this Agreement set out in **Clause 5**;

**“Completion Date”** means the date falling on or prior to the fifth Business Day after the day on which the last of the Conditions to be satisfied shall have been fulfilled or waived, being not later than the date falling twelve (12) months after the date of signing of this Agreement, or such other date as shall be agreed in writing by the parties;

**“Conditions”** means the conditions contained or referred to in **Schedule 4**;

**“Confidential Information”** means information (however stored) relating to or connected with the business, customers or financial or other affairs of the Company, the Vendor, the Warrantors or the Purchaser (as the case may be) details of which are not in the public domain including, without limitation, information concerning or relating to:

- (a) any Intellectual Property of the Company;
- (b) any technical processes, future projects, business development or planning, commercial relationships and negotiations; and
- (c) the marketing of services including, without limitation, customer, client and supplier lists, price lists, sales targets, sales statistics, market share statistics, market research reports and surveys and advertising or other promotional materials and details of contractual arrangements and any other matters concerning the clients or customers of or other persons having dealings with the Company;

**“Consideration”** as defined in **Clause 4**;

**“Deposit”** means the sum of USD1,000,000 (US Dollars One Million) to be paid by the Purchaser to the Vendor pursuant to Clause 4.2.1 and held in accordance with the provisions of Clause 4.6;

**“Dispose”** means to offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option, or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally; or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership; or enter into any transaction with the same economic effect as any transactions described above;



**“Encumbrance”** means a mortgage, charge, pledge, lien, option, restriction, equity, right to acquire, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind or any other type of preferential arrangement (including, without limitation, a title transfer and retention arrangement) having similar effect;

**“Escrow Account”** means an interest bearing deposit account to be opened with Citibank N.A in the joint names of the Vendor’s Solicitors and the Purchaser’s Solicitors for the purpose of **Clause 4.4**;

**“First Instalment”** as defined in **Clause 4.2.2**;

**“First Retention Amount”** as defined in **Clause 4.3.1.1**;

**“Fourth Instalment”** as defined in **Clause 4.2.5**;

**“HK\$”** means Hong Kong dollars, the lawful currency of Hong Kong;

**“Hong Kong”** means the Hong Kong Special Administrative Region of the PRC;

**“Hudson HK”** means Hudson Global Resources (Hong Kong) Limited (翰德國際顧問有限公司) a corporation incorporated in Hong Kong, having its principal place of business at Unit 1501-7, 15/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong;

**“Hudson China IT Business”** means that part of the business of Hudson HK and Hudson Shanghai attributable to the China IT Team;

**“Hudson Shanghai”** means Hudson Recruitment (Shanghai) Limited (上海翰德人力資源有限公司) a corporation established in the PRC, having its principal business at Room 1104, 11/F, Central Plaza, No. 227 Huang Pi Bei Road, Shanghai China 200003;

**“Indemnity Amount”** means the maximum liability of the Vendor under this Agreement;

**“Intellectual Property”** includes patents, know-how, non-marketing trade secrets and other confidential information, copyrights, rights affording equivalent protection

to copyright, trade marks, logos, domain names, business names, trade names including without limitation the Trade Marks, moral rights, and all registrations or applications to register any of the aforesaid items, rights in the nature of any of the aforesaid items in any country or jurisdiction, rights in the nature of unfair competition rights and rights to sue for passing-off;

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

“**Purchaser’s Solicitors**” means Dibb Lupton Alsop of 41/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong;

“**Relevant Authority**” means any government, government agency, local authority or any other person or entity having regulatory authority under any applicable laws, rules or regulations and/or any court of law or tribunal and, in relation to private agreements, includes any person having powers under or in relation to that agreement;

“**Retention Amounts**” means the First Retention Amount referred to in **Clause 4.3.1.1** and the Second Retention Amount referred to in **Clause 4.3.1.2**;

“**Sale Shares**” shall have the meaning ascribed to it in Recital A;

“**Second Instalment**” as defined in **Clause 4.2.3**;

“**Second Retention Amount**” as defined in **Clause 4.3.1.2**;

“**Taxation**” or “**Tax**” means and includes any liability to any form of taxation and duty, impost or tariff in each case in the nature of taxation and includes any interest, additional tax, penalties, costs, charges and expenses incidental or relating to the liability of taxation;

“**Tax Authority**” means any authority or body, whether of Hong Kong, PRC or elsewhere and whether national or otherwise, having the power or authority or other function in relation to Tax;

“**Tony Keith Beijing**” means Tong Zhi (Beijing) Consulting Services Ltd ( 通智 ( 北京 ) 咨询服务有限公司 ), a company incorporated in Beijing, PRC and having its principal place of business at Suite 609, Tower B, SOHO New Town, No. 88 Jianguo Road, Chaoyang District, Beijing, PRC;

**“Tony Keith Guangzhou”** means Guangzhou Dong Li Consulting Service Ltd ( 广州动利咨询服务服务有限公司 ), a company incorporated in Guangzhou, PRC and having its principal place of business at Room 1612, Yi An Plaza, No. 33 Jiansheliu Road, Guangzhou, PRC including Tony Keith Shanghai;

**“Tony Keith Shanghai”** means a branch of Tony Keith Guangzhou in Shanghai, as located at Room 1107, South Tower, Hong Kong Plaza, No. 283, Huaihaizhong Road, Luwan District, Shanghai, PRC;

**“Trade Marks”** means all trade marks (including the trade marks set out in **Schedule 7**), service marks and trade names (including registrations and applications for registration thereof) currently used by the Warrantors and/or their associated entities throughout the world which include “Tony Keith”, “Tony Keith Associates”, ( 通智咨询 ), ( 动利咨询 ) or any derivatives of those names;

**“Transaction”** means the sale by the Vendor and the purchase by the Purchaser of the Sale Shares contemplated under this Agreement;

**“Third Instalment”** as defined in **Clause 4.2.4**;

**“USD”** or **“US Dollars”** means United States dollars, the lawful currency of United States of America;

**“US GAAP”** means generally accepted accounting principles and financial reporting and accounting standards in the United States of America, consistently applied;

**“Vendor’s Solicitors”** means Han Kun Law Offices of Suite 906, Office Tower CI, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738;

**“Warranties”** means the warranties, representations and undertakings given by the Vendor and the Warrantors contained or referred to in **Clauses 6, 8, 10** and **Schedule 3**; and

- 1.2 In this Agreement where the context admits:
- 1.2.1 words and phrases which are defined or referred to in or for the purposes of the Companies Ordinance have the same meanings in this Agreement (unless otherwise expressly defined in this Agreement);
  - 1.2.2 the Interpretation and General Clauses Ordinance (Chapter 1 of the Laws of Hong Kong) shall apply to this Agreement in the same way as it applies to an enactment;
  - 1.2.3 reference to a statutory provision includes reference to:
    - 1.2.3.1 any order, regulation, statutory instrument or other subsidiary legislation at any time made under it for the time being in force (whenever made);
    - 1.2.3.2 any modification, amendment, consolidation, re-enactment or replacement of it or provision of which it is a modification, amendment, consolidation, re-enactment or replacement except to the extent that any modification, amendment, consolidation, re-enactment or replacement made after the date of this Agreement would increase the liability of any of the parties hereto;
  - 1.2.4 reference to a clause, schedule or paragraph is to a clause, schedule or a paragraph of a schedule of or to this Agreement respectively;
  - 1.2.5 reference to the parties to this Agreement includes their respective successors, permitted assigns and personal representatives;
  - 1.2.6 reference to any party to this Agreement comprising more than one person includes each person constituting that party;
  - 1.2.7 reference to any gender includes the other genders;
  - 1.2.8 reference to any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;
  - 1.2.9 the index, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this Agreement;

- 1.2.10 this Agreement incorporates the schedules to it;
- 1.2.11 unless otherwise expressly provided, all covenants, warranties, representations, undertakings and indemnities given or made by the Vendor and the Warrantors in this Agreement are given or made by them jointly and severally.

## 2. SALE AND PURCHASE OF THE SALE SHARES

- 2.1 Subject to the terms and conditions hereof, the Vendor shall sell with full title guarantee the number of Sale Shares set opposite his name in **Column (2) of Schedule 1** and the Purchaser shall purchase the Sale Shares free from all Encumbrances and together with all rights of any nature which are now or which may at any time become attached to them or accrue in respect of them including all dividends and distributions declared paid or made in respect of them on or after the date of this Agreement.
- 2.2 The Vendor hereby waives any right of pre-emption or other restriction on transfer in respect of the Sale Shares or any of them conferred on him under the articles of association of the Company or otherwise and agrees to procure before Completion the irrevocable waiver of any such right or restriction conferred on any other person.

## 3. CONDITIONS

- 3.1 The sale and purchase of the Sale Shares under this Agreement is in all respects conditional on the matters set out in **Schedule 4**.
- 3.2 The Vendor shall provide or procure to be provided to the Purchaser all information in their possession or under their control which is necessary for the purpose of satisfying any of the Conditions and the Vendor undertakes that the Purchaser, its directors and agents shall be given all reasonable access to the books, records and accounts of the Company for such purpose.

## 4. CONSIDERATION

### 4.1 Consideration

- 4.1.1 On the terms and subject to the conditions set forth in this Agreement, the Purchaser agree to pay to the Vendor a sum not exceeding USD 12,500,000 (US Dollars Twelve Million Five Hundred Thousand) and in accordance with this Clause **4**.

- 4.2 The Consideration shall be paid by way of the Deposit and up to four (4) instalments:
- 4.2.1 the Purchaser shall upon signing of this Agreement pay to the Vendor the Deposit in part payment of the Consideration pending Completion, subject to the provisions of Clause 4.6;
- 4.2.2 the first instalment (the “**First Instalment**”) of the Consideration shall be an amount of USD 3,000,000 (US Dollars Three Million) of which USD 2,500,000 (US Dollars Two Million Five Hundred Thousand) shall be paid (or payable) to the Vendor on the Completion Date and the balance of USD 500,000 (US Dollars Five Hundred Thousand) shall be retained by the Purchaser in accordance with Clause 4.3;
- 4.2.3 the second instalment (the “**Second Instalment**”) of the Consideration shall be paid (or payable) to the Vendor on the date which is 90 days after the first anniversary of the Completion Date (but if not a Business day, then on the next following Business Day). The Second Instalment shall be the amount calculated as the lesser of:
- 4.2.3.1 USD 1,113,333; and
- 4.2.3.2 the amount calculated in accordance with the formula:
- $$\frac{(P_1 \times 5.56) - I}{3}$$
- WHERE
- $P_1$  = EBIT for the period starting from the Completion Date and ending on the date being 12 months after the Completion Date.
- I = USD 5 million (being the sum of the Deposit, the First Instalment plus USD 1 million).
- 4.2.4 The third instalment (the “**Third Instalment**”) of the Consideration shall be paid (or payable) to the Vendor on the date which is 90 days after the second anniversary of the Completion Date (but if not a Business Day, then on the next following Business Day). The Third Instalment shall be the amount calculated as the lesser of:
- 4.2.4.1 USD 1,669,334; and

4.2.4.2 the amount calculated in accordance with the formula:

$$\left\{ \left( \frac{P_1 + P_2}{2} \times 5.56 \right) - I \right\} \times 2/3 - A$$

WHERE:

$P_1$  = EBIT for the period starting from the Completion Date and ending on the date being 12 months after the Completion Date;

$P_2$  = EBIT for the period starting 12 months after the Completion Date and ending on the date being 24 months after the Completion Date.

$I$  = USD 5 million (being the sum of the Deposit, the First Instalment plus USD 1 million).

$A$  =  $\frac{(P_1 \times 5.56) - I}{3}$

4.2.5 The fourth instalment (the "**Fourth Instalment**") of the Consideration shall be paid (or payable) to the Vendor on the date which is 90 days after the third anniversary of the Completion Date. The Fourth Instalment shall be the amount calculated as the lesser of:

4.2.5.1 USD 5,717,333; and

4.2.5.2 the amount calculated in accordance with the formula:

$$\left( \frac{P_1 + P_2 + P_3}{3} \times 5.56 \right) - I - A - B$$

WHERE:

$P_1$  = EBIT for the period starting from the Completion Date and ending on the date being 12 months after the Completion Date.

$P_2$  = EBIT for the period starting 12 months after the Completion Date and ending on the date being 24 months after the Completion Date.

$P_3$  = EBIT for the period starting 24 months after the Completion Date and ending on the date being 36 months after the Completion Date.

$I$  = USD 5 million (being the sum of the Deposit, the First Instalment plus USD 1 million).

$$A = \frac{(P_1 \times 5.56) - I}{3}$$

$$B = \left\{ \left( \frac{P_1 + P_2}{2} \times 5.56 \right) - I \right\} \times 2/3 - A$$

4.2.6 The **EBIT** for each of the relevant periods shall be calculated as the consolidated pre-tax profits (or losses) of Hudson HK and Hudson Shanghai which are attributable to the China IT Team (reflected as a minus figure in the event of losses) as derived from the Accounts.

The following should not be taken into account in determining the EBIT for each of the relevant periods:

- 4.2.6.1 all interest expenses;
- 4.2.6.2 all operating expenses of Hudson HK and Hudson Shanghai which are not attributable to China IT Team;
- 4.2.6.3 any other corporate costs including salaries and related costs of corporate staff and overheads for corporate department;
- 4.2.6.4 any costs and expenses related to any overseas training programs;
- 4.2.6.5 any expenses incurred in connection with members of China IT Team attending overseas meetings otherwise than for the purpose of the business of the China IT Team; and



- 4.2.6.6 any gains or loss deriving or resulting from any activity which is not normally carried on by, and which is outside the normal course of business of, the Purchaser.
- 4.2.7 Each instalment of the Consideration shall be paid, in USD, in separate payments, by way of delivery of irrevocable instructions, on the date when the instalment is due for payment (but if not a Business Day, then on the next following Business Day) to the Purchaser's bank(s) for wire transfer of the relevant amount(s) to the Bank Account of the Vendor for value within two (2) Business Days of such instructions.
- 4.3 **Retention**
- 4.3.1 The Purchaser shall retain the following amounts as security against any claim asserted by the Purchaser for breach of any of the Warranties and/or under **Clause 8**:
- 4.3.1.1 an amount equal to \$500,000 from the First Instalment (the "**First Retention Amount**") The First Retention Amount (less the amount of any claim) together with interest accrued thereon shall be released to the Vendors on the date falling ninety 90 days following the third anniversary of Completion.
- 4.3.1.2 an amount equal to twenty per cent (20%) of the Fourth Instalment (the "**Second Retention Amount**"). The Second Retention Amount (less the amount of any claim) together with interest accrued thereon shall be released to the Vendor within a period of six (6) months from the Fourth Instalment payment date referred to in **Clause 4.2.5**.
- 4.3.2 The Purchaser shall place the Retention Amounts in the Escrow Account .
- 4.4 **Purchaser's right of offset**
- 4.4.1 In the event that the Purchaser shall become entitled to assert against the Vendor and/or the Warrantors any claim for breach of any of the Warranties or any claim under **Clause 8 ("Relevant Claim")**, the following provisions shall apply

- 4.4.1.1 the Purchaser shall give written notice to the Vendor and the Warrantors setting out in reasonable detail the amount of the Relevant Claim and the legal basis for such claim. The Vendor shall have a period of ten (10) Business Days from the date of the Purchaser's notice to either accept the Relevant Claim or to reject the Relevant Claim, in each case by written notice to the Purchaser. If the Vendor accepts the Relevant Claim, the Purchaser shall be entitled to offset the amount of the Relevant Claim against the balance of any Retention Amounts and/or, any other amount payable by the Purchaser to the Vendor under this Agreement (as the Purchaser may choose). If the Vendor rejects the Relevant Claim, the Purchaser shall be entitled to withdraw the amount of the Relevant Claim from the Retention Amounts or to offset such amount from any other amount payable by the Purchaser to the Vendor under this Agreement (as the Purchaser may choose) and to pay such sum into the Escrow Account. No monies shall be withdrawn from the Escrow Account before the Relevant Claim is settled and each withdrawal will require a joint instruction signed by a signatory from the Vendor's Solicitors and the Purchaser's Solicitors. Each of the parties undertakes with the other to promptly instruct their respective solicitors to give effect to the operation of this clause 4.4.1.1;
- 4.4.1.2 as soon as reasonably practicable following settlement of any Relevant Claim to which clause 4.4.1.1 refers, the Vendor shall instruct the Vendor's Solicitors and the Purchaser shall instruct the Purchaser's Solicitors to instruct Citibank N.A to make the following payments out of the Escrow Account:
- (a) to the Purchaser, the amount of any Relevant Claim settled in favour of the Purchaser together with a proportion of the interest earned on the Escrow Account equal to the proportion that the sum paid to the Purchaser under this clause 4.4.1.2 (a) (excluding interest) bears to the total sum paid in to the Escrow Account in respect of the Relevant Claim;

- (b) to the credit of the Retention Amounts, the balance (if any) of the Escrow Account (including interest) in respect of any Relevant Claim which was placed in the Escrow Account from the Retention Amounts;
  - (c) to the Vendor, the balance (if any) of the Escrow Account (including interest) in respect of a Relevant Claim which was placed in the Escrow Account from other amounts payable by the Purchaser to the Vendor under this Agreement.
- 4.4.2 Nothing in clause 4.4 shall prejudice or limit the right of the Purchaser to make any claim against the Vendors and/or the Warrantors either under this Agreement or under any of the documents executed pursuant to this Agreement.
- 4.4.3 For the purpose of this clause 4.4, a claim shall be treated as settled if:
  - 4.4.3.1 the Vendor and the Purchaser shall so agree in writing such written agreement not to be unreasonably withheld or delayed following any oral agreement; or
  - 4.4.3.2 a court of competent jurisdiction has awarded judgment in respect of the claim and no right of appeal lies in respect of such judgment or the parties are debarred by passage of time or otherwise from making an appeal.

4.5 **Acceleration**

- 4.5.1 In the event that Hudson Shanghai ceases its business or commences winding up, then, unless such cessation is attributable to any of the following factors:
  - 4.5.1.1 change of the applicable laws and regulations becoming effective after the date of this Agreement; and
  - 4.5.1.2 any breach of applicable laws or regulations, or any willful default of the terms of this Agreement and/or, the Asset SPA on the part of the Vendor and the registered owners of the Tony Keith Beijing and Tony Keith Guangzhou,

for the purpose of determining the Second Instalment, the Third Instalment and/or the Fourth Instalment, there shall be deemed EBIT earned for each month during the period of such cessation or commencement of winding up to the third anniversary of the Completion Date, which shall be equal to the average of monthly EBIT for the period of twelve (12) months ending on such cessation or commencement of winding up.

4.6

**Forfeiture/Return of Deposit**

- 4.6.1 In the event that any of the Conditions is not satisfied within 12 months of the execution and delivery of this Agreement (or such further period as may be agreed between the Purchaser and the Vendor) (the “**Waiting Period**”), the Purchaser may at any time thereafter terminate this Agreement by giving notice of termination in writing to the Vendor to such effect, whereupon the Vendor shall return the Deposit to the Purchaser without interest, provided that the Deposit is returned within 7 Business Days of receipt by the Vendor of written notice of termination from the Purchaser or, if later, with interest at 2 % above the prime lending rate for US Dollars quoted by The Hongkong and Shanghai Banking Corporation Limited Head Office in Hong Kong from such date until payment in full.
- 4.6.2 In the event that the Purchaser, in breach of the terms and conditions of this Agreement, fail to complete the transactions contemplated in this Agreement prior to the expiry of the Waiting Period, then the Vendor may terminate this Agreement by giving notice of termination in writing to the Purchaser to such effect and in such event, the Vendor shall be entitled to forfeit the Deposit paid to the Vendor absolutely, as liquidated damages. The Vendor’s right to recover any loss and/or damages in connection with the Purchaser’s breach shall be limited to the amount of the Deposit and the Vendor shall not be entitled to any additional expenses or damages from the Purchaser.
- 4.6.3 In the event that the Purchaser fails to complete the transactions contemplated in this Agreement prior to the expiry of the Waiting Period, by reason of the failure of the Purchaser to obtain the licences required by the Purchaser to operate the Hudson China IT Business

through a branch in Guangzhou or to waive the obtaining of such licences as a Condition to Completion, then the Vendor may terminate this Agreement by giving notice of termination in writing to the Purchaser to such effect and in such event, the Vendor shall be entitled to forfeit the Deposit paid to the Vendor absolutely, as liquidated damages. The Vendor's right to recover any loss and/or damages in connection with the Purchaser's breach shall be limited to the amount of the Deposit and the Vendor shall not be entitled to any additional expenses or damages from the Purchaser.

## 5. COMPLETION

- 5.1 Completion shall take place at the offices of the Purchaser's Solicitors, or at other place as the Purchaser and the Vendor may determine, on the Completion Date when each of the parties shall comply with the provisions of **Schedule 5**.
- 5.2 The Purchaser shall not be obliged to complete the purchase of the Sale Shares under this Agreement unless:
  - 5.2.1 The Conditions set out in **Schedule 4** are fulfilled or waived by the Purchaser; and
  - 5.2.2 the Vendor comply fully with its obligations under **Schedule 5**.
- 5.3 The Vendor shall not be obliged to complete the sale of the Sale Shares under this Agreement unless the Purchaser has paid the Deposit and complied fully with its obligations under **Schedule 5**
- 5.4 If Completion does not take place on the Completion Date because the Vendor fails to comply with any of his obligations under **Schedule 5** and/or one or more Conditions has not been fulfilled, the Purchaser may, by notice to the Vendor:
  - 5.4.1 waive any of the Conditions and proceed to Completion to the extent reasonably practicable;
  - 5.4.2 postpone Completion to a date not more than 10 Business Days after the satisfaction or waiver of all such Conditions; or
  - 5.4.3 terminate this Agreement.

- 5.5 If the Purchaser postpones Completion to another date in accordance with **Clause 5.4.2**, the provisions of this Agreement apply as if that other date is the Completion Date.
- 5.6 If the Purchaser terminates this Agreement pursuant to **Clause 5.4.3**, each party's further rights and obligations shall cease immediately on termination, but termination shall not affect a party's accrued rights and obligations as at the date of termination.
- 5.7 If Completion does not take place on the Completion Date because the Purchaser fails to pay the Deposit on time or fails to comply with any of its obligations under **Schedule 5**, the Vendor may, by notice to the Purchaser, terminate this Agreement.

**6. WARRANTORS' WARRANTIES AND REPRESENTATIONS**

- 6.1 The Warrantors jointly and severally warrant and represent to the Purchaser that, at the date of this Agreement, each of the Warranties, is true, accurate and complete in all respects and not misleading and will be true and accurate in all respects and not misleading at all times hereafter up to and including the Completion Date and, for this purpose, an express or implied reference in a Warranty to the "date of this Agreement" is to be construed as a reference to the Completion Date.
- 6.2 The Warrantors acknowledge that the Purchaser is entering into this Agreement in reliance on each Warranty which has also been given as a representation and with the intention of inducing the Purchaser to enter into this Agreement and that the Purchaser have been induced to enter into this Agreement on the basis of and in full reliance upon them.
- 6.3 Each of the Warranties shall be construed as a separate and independent warranty and (except where this Agreement provides otherwise) shall not be limited or restricted by reference to or inference from any other term of this Agreement or any other Warranty.
- 6.4 The rights and remedies of the Purchaser in respect of any breach of any of the Warranties shall survive Completion until two (2) years after the Completion Date save for Warranties in respect of the indemnity in relation to Taxation pursuant to Clause 8.1.1 which shall survive Completion until five (5) years after the payment date for the Fourth Instalment.
- 6.5 Between the execution of this Agreement and Completion the Warrantors agree that they will:
- 6.5.1 procure that neither they nor the Company will allow or procure any act or omission which would constitute a breach of any of the Warranties;

- 6.5.2 procure that the Company complies with the provisions of **Schedule 6**; and
- 6.5.3 forthwith disclose in writing to the Purchaser any event or circumstance which may arise or become known to any of them which would be a breach of **Clause 6.5.2** or which constitutes a breach of or is materially inconsistent with any of the Warranties or which might make any of them inaccurate or misleading or which has or is likely to have a materially adverse effect on the financial position or business prospects of the Company or which is otherwise material to be known by a purchaser for value of the Sale Shares.
- 6.6 The Purchaser shall be given all such facilities as it (or its authorised representatives) may reasonably require to enable the Purchaser to be satisfied with regard to the accuracy of the Warranties provided that the Warranties shall not be deemed in any way modified or discharged by reason of any investigation made or to be made by or on behalf of the Purchaser or by reason of any information relating to the Company of which the Purchaser has knowledge (actual, implied or constructive).

**7. PURCHASER'S WARRANTIES AND REPRESENTATIONS**

- 7.1 The Purchaser have full power and authority and have taken all action necessary to execute and deliver and to exercise their rights and perform their obligations under this Agreement and each of the documents in the agreed form to be executed on or before Completion constitutes valid and binding obligations on each of the Purchaser in accordance with their terms.

**8. INDEMNITY**

- 8.1 In consideration of the Purchaser entering into this Agreement, the Warrantors hereby jointly and severally undertake to the Purchaser that they will, on demand, indemnify and keep each of the Purchaser and/or the Company indemnified against and shall on demand reimburse the Purchaser and/or the Company for, any loss, liability or damage suffered or incurred by the Purchaser and/or the Company in connection with the operation by the Vendor of the Vendors' Business prior to the

Completion Date, or the sale of the assets forming part of the Vendors' Business pursuant to the Asset SPA including without limitation, the following:

- 8.1.1 any and all loss, liability or damage suffered or incurred by the Purchaser and/or the Company in respect of or in connection with Taxation which term shall include any claim by any Tax Authority in respect of Taxation arising in relation to the sale of the Sale Shares by the Vendor to the Purchaser pursuant to this Agreement;
- 8.1.2 any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including, without limitation, legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

8.2 For the purpose of this indemnity, the Warrantors hereby agree that any of the liabilities set out in this **Clause 8.1** incurred or suffered by the Purchaser or the Company shall be deemed to be loss or damage suffered by any and each of them, and recoverable against the Warrantors under this indemnity.

8.3 Each of the indemnities in this Agreement, including the indemnities in **Clause 8.1** constitutes a separate and independent obligation from the other obligations in this Agreement, shall give rise to a separate and independent cause of action, shall apply notwithstanding any contrary provisions in this Agreement and irrespective of any indulgence granted by the Purchaser, and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Agreement or any other judgment or order.

8.4 The Indemnity Amount shall not be more than USD4,000,000 (US Dollars Four Million).

## 9. CLAIMS

9.1 In the event of a claim in respect of any Warranties or any other matter under this Agreement, the Purchaser shall give to the Warrantors written notice of such claim as soon as reasonably practicable but not more than ten (10) Business days after the receipt of such claim, specifying in reasonable details the breach to which the claim relates and (if capable of being quantified at that time) the amount claimed.



9.2 No claim under **Clauses 8, 9 and 10** shall be made if a claim in respect thereof has been made and settled in full under another provision of this Agreement or under the Asset SPA.

**10. NON-COMPETITION COVENANT**

10.1 Each of the Warrantors shall, and shall procure that Tony Keith Beijing and Tony Keith Guangzhou will, undertake to the Purchaser and/or the Company (as the case may be) a non-competition covenant which includes (with limitations), the following:

10.1.1 each of the Warrantors and Tony Keith Beijing and Tony Keith Guangzhou undertakes to the Purchaser and/or the Company that during the Restriction Period applicable to each of them, none of the Warrantors, Tony Keith Beijing and Tony Keith Guangzhou and their respective controlled parties will, whether directly or indirectly and either alone or in conjunction with, or on behalf of, any other person and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise:

10.1.1.1 be concerned with, engaged or interested in any business in any manner which is in direct competition with the current business carried on by the Purchaser and/or its associated entities and the business carried on by the China IT Team in Hong Kong and the PRC ("**Territory**"), at any time during the Restriction Period;

10.1.1.2 canvass, solicit or approach or cause to be canvassed, solicited or approached in any manner, any person in the Territory who is or has been during the Restriction Period a client of the Company and/or the Purchaser;

10.1.1.3 solicit or entice away, or endeavor to solicit or entice away, any person who is or has been during the Restriction Period an employee, office manager, consultant, sub-contractor or agent of the Company and/or the Purchaser; and

10.1.1.4 do or say anything which is intended to damage the goodwill or reputation of the Company and/or the Purchaser or intended to lead any person to cease to do business with the Company and/or the Purchaser on substantially equivalent terms to those previously offered or not to engage in business with the Company and/or the Purchaser.

- 10.2 For the purposes of this **Clause 10, "Restriction Period"** means:
- 10.2.1 in relation to each of the Warrantors, the period from Completion until the later of the date (i) 3 years from the date of Completion; or (ii) 6 months from the last day of the Relevant Period (as defined in clause 10.3 below), and
- 10.2.2 in relation to each of Tony Keith Beijing and Tony Keith Guangzhou, the period from the Completion Date until the date upon which each of them shall cease to carry on their respective business and be dissolved.
- 10.3 For the purposes of this **Clause 10, "Relevant Period"** means the period during which any of the Warrantors act as a director or employee of the Purchaser or any of their associated companies.

## 11. FURTHER ASSURANCE

- 11.1 On and after Completion, the Vendor and or the Warrantors shall, at the request of the Purchaser, do and execute or procure to be done and executed all such acts, deeds, documents and things as may be necessary to give effect to this Agreement and or the Asset SPA .
- 11.2 On and after Completion, the Purchaser shall pay the Consideration on schedule in accordance with **Clause 4.2** of this Agreement, and shall release the Retention Amounts , together with interest, in accordance with **Clause 4.3**

## 12. INFORMATION

- 12.1 The Warrantors shall provide or procure to be promptly provided to the Purchaser, its agents and professional advisers on request all such information in their possession or under their control as the Purchaser shall from time to time reasonably require (both before and after the Completion Date) relating to the business and affairs of the Company and, in any case, where such information is not the exclusive property of the Company, will make reasonable efforts to give or procure to be given to the Purchaser, its directors, agents and professional advisers access to such information and will permit the Purchaser to take copies of the same.

**13. CONFIDENTIALITY**

- 13.1 Each party undertakes to and covenants with the other that (except with the consent in writing of the other or as required by law) it will not at any time prior to Completion, or, if Completion shall not take place, at any time after the signing of this Agreement disclose or divulge to any person (other than to its officers, employees or professional advisors for the purposes of carrying out this Agreement) or use (other than for the purposes of carrying out this Agreement) any Confidential Information which may be within or have come to its knowledge and shall use all reasonable endeavours to prevent such publication, disclosure or misuse of any Confidential Information.
- 13.2 Within thirty days from the date of termination of this Agreement, each party shall return or destroy all copies of Confidential Information, except for one copy of which may be retained by its solicitors for archival purposes.

**14. COSTS AND STAMP DUTY**

- 14.1 Each of the parties shall bear and pay its own legal, accountancy and other fees and expenses incurred in and incidental to the preparation and implementation of this Agreement and of all other documents in the agreed form.
- 14.2 All stamp duty payable in respect of the sale and purchase of the Sale Shares shall be borne by the Vendor on the one part and the Purchaser on the other part in equal shares.

**15. SUCCESSORS AND ASSIGNMENT**

- 15.1 This Agreement shall be binding on and inure for the benefit of each party's successors and personal representatives but shall not be assignable.
- 15.2 Except as otherwise expressly provided, all rights and benefits under this Agreement are personal to the parties and may not be assigned at law or in equity without the prior written consent of each other party.

**16. ENTIRE AGREEMENT**

- 16.1 This Agreement (including the schedules to it) and any documents in the agreed form ("**Acquisition Documents**") constitute the entire agreement between the parties with respect to the subject matter of this Agreement.

- 16.2 Except for any misrepresentation or breach of warranty which constitutes fraud:
- 16.2.1 the Acquisition Documents supersede and extinguish all previous agreements between the parties relating to the subject matter thereof and any representations and warranties previously given or made other than those contained in the Acquisition Documents;
  - 16.2.2 each party acknowledges to the other (and shall execute the Acquisition Documents in reliance on such acknowledgement) that it has not been induced to enter into any such documents by nor relied on any representation or warranty other than the representations and/or warranties contained in such documents; and
  - 16.2.3 each party hereby irrevocably and unconditionally waives any right it may have to claim damages or to rescind this Agreement or any of the other Acquisition Documents by reason of any misrepresentation and/or warranty not set forth in any such document.

**17. TIME FOR PERFORMANCE**

- 17.1 Time shall not be of the essence of this Agreement but following failure by any party to comply with any provision of this Agreement may be made of the essence by any other party giving to the party in default two Business Days' notice to that effect.

**18. VARIATIONS**

- 18.1 No variation of this Agreement or any of the documents in the agreed form shall be valid unless it is in writing and signed by or on behalf of each of the parties to this Agreement.

**19. WAIVER**

- 19.1 No waiver by the Purchaser, the Vendor or the Company of any breach or non-fulfilment of any provisions of this Agreement shall be deemed to be a waiver of any subsequent or other breach of that or any other provision and no failure to exercise or delay in exercising any right or remedy under this Agreement shall constitute a waiver thereof. No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy. The rights and remedies of the parties provided in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

**20. AGREEMENT CONTINUES IN FORCE**

20.1 This Agreement shall remain in full force and effect so far as concerns any matter remaining to be performed at Completion even though Completion shall have taken place.

**21. SEVERABILITY**

21.1 The invalidity, illegality or unenforceability of any provisions of this Agreement shall not affect the continuation in force of the remainder of this Agreement.

**22. NOTICES**

**22.1 Service**

Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing, addressed to the recipient party at the address indicated below, and personally delivered, deposited in the postal system, first-class mail, certified, return-receipt requested or deposited for delivery with a nationally recognized overnight courier service. Notices shall be deemed given on the date of actual delivery when personally delivered, as evidenced by a written acknowledgment of receipt; on the date of delivery set forth on the return receipt card, if sent by the postal system; or two (2) Business Days after deposit with a nationally recognized overnight courier service. Any party may change its address for notices by giving a notice of such change in any of the manners set forth above at least ten (10) Business Days prior to the effective date thereof.

**22.2 Addresses**

Notices to the Vendor and Warrantors shall be addressed to:

**Attention:** Ms Sabrina Lee

**Address:** 3D, Block 5, Dynasty Heights' Tropicana, Kowloon, Hong Kong

**Fax Number:** +852-27762886

Notices to the Purchaser shall be addressed to:

**Attention:** Mr Albert Kwong

**Address:** 1501-7 Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

**Fax Number:** +852-2838-8924

**23. PROCESS AGENT**

23.1 Each of the Warrantors irrevocably appoints Sabrina Lee of 3D, Block 5, Dynasty Heights' Tropicana, Kowloon, Hong Kong as his agent to receive on his behalf in Hong Kong service of any proceedings arising out of or in connection with this Agreement. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Warrantors). If for any reason such agent ceases to be able to act as agent or no longer has an address in Hong Kong, the Warrantors shall forthwith appoint a substitute acceptable to Purchaser and deliver to the Purchaser the new agent's name, address and fax number.

**24. COUNTERPARTS**

24.1 This agreement may be executed in any number of counterparts each of which when executed by one or more of the parties hereto shall constitute an original but all of which shall constitute one and the same instrument.

**25. GOVERNING LAW AND JURISDICTION**

25.1 This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of Hong Kong.

25.2 The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between officers of each company. If the dispute has not been resolved by negotiation within thirty 30 days after the date of such notice of dispute, then either party may submit the dispute to Hong Kong International Arbitration Centre ("**HKIAC**") in Hong Kong for arbitration. Any arbitration administered by HKIAC shall be settled in accordance with the UNICITRAL Arbitration Rules as at present in force and administered in accordance with HKIAC procedures for arbitration in force as at the date of this Agreement. The arbitration shall be final and binding on the parties and the parties agree to be bound thereby and to act accordingly.

25.3 Unless the parties expressly agree otherwise, each party shall bear its own costs, legal and expert fees incurred in the arbitration. The cost and fees of the said arbitration commission shall be decided by the arbitrators.

**IN WITNESS** of which the parties or their duly authorised representatives have executed this Agreement as an agreement.

**SCHEDULE 1**

**Part 1**

**Details of the Vendor and the Sale Shares**

(1) Name and address	(2) Sale Shares
Raymond Wong (王国森) of Room 609, Tower B, Soho Xian Dai Cheng, No 88, Jian Guo Road, Chao Yang District, Beijing, China	50,000 shares of USD1.00 each
<b>Total:</b>	<b>50,000 shares</b>

**Part 2**

**Details of the Purchaser**

**Name and address**

Hudson Highland Group, Inc, a corporation established in Delaware, United States of America, having its principal place of business at 560 Lexington Avenue, 4th & 5th Floors, New York, NY 10022

**Part 3**

**Details of the Warrantors**

**Name and address**

Raymond Wong (王国森) of Room 609, Tower B, Soho Xian Dai Cheng, No 88, Jian Guo Road, Chao Yang District, Beijing, China

Jiageng Yang (杨家更) of Room 609, Tower B, Soho Xian Dai Cheng, No 88, Jian Guo Road, Chao Yang District, Beijing, China

Ming Xin Chen (陈明信) of Room 1612, Yian Plaza, 33 Jiansheliu Road, Guangzhou, China



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**SCHEDULE 2****The Company**

Name of Company : Leadway Holdings Group Limited  
Business name : Leadway Holdings Group Limited  
Company number : 1062495  
Date of Incorporation : 10 November 2006  
Place of Incorporation : British Virgin Islands  
Registered Office : Pail Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands  
Principal business : Pail Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands  
Directors : Raymond Wong ( 王国森 )  
Company secretary : Not Applicable  
Authorised share capital : 50,000 shares  
Issued share capital : 50,000 shares of USD 1.00 each  
Auditors : No auditors appointed yet  
Financial year end : 31 December 2007

## SCHEDULE 3

### The Warranties

The Vendor and the Warrantors represent and warrant to the Purchaser as follows:

#### 1. CAPACITY AND OWNERSHIP OF THE SALE SHARES

- 1.1 The Warrantors and the Vendor have full power and authority and have taken all action necessary to execute and deliver and to exercise their rights and perform their obligations under this Agreement and each of the documents in the agreed form to be executed on or before Completion which constitute valid and binding obligations on each of the Warrantors and the Vendor in accordance with their terms.
- 1.2 The Sale Shares constitute the whole of the allotted and issued share capital of the Company and have been properly allotted and issued.
- 1.3 There is no Encumbrance on, over or affecting the Sale Shares or any of them or any unissued shares in the capital of the Company and there is no agreement or commitment to give or create any Encumbrance or negotiations which may lead to such an agreement or commitment and no claim has been made by any person to be entitled to an Encumbrance in relation thereto.
- 1.4 The Vendor is entitled to sell and transfer the full legal and beneficial ownership in the Sale Shares to the Purchaser and such sale will not result in any breach of or default under any agreement or other obligation binding upon the Vendor or any of its property.
- 1.5 Other than this Agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to any person of the right (whether conditional or not) to require the allotment, issue, transfer, redemption or repayment of, any shares in the capital of the Company (including, without limitation, an option or right of pre-emption or conversion).
- 1.6 There is no litigation, arbitration, prosecution, administrative or other legal proceedings or dispute in existence or threatened against the Vendor in respect of the Sale Shares or the Vendor's entitlement to dispose of the Sale Shares and there are no facts known to the Vendor which might give rise to any such proceedings or any such dispute.

1.7 The Company has not exercised nor purported to exercise or claim any lien over the Sale Shares and no call on the Sale Shares is outstanding and all the Sale Shares are fully paid up.

**2. LICENCES AND CONSENTS**

The Company has obtained all licences, permissions, authorisations and consents required to own and operate its assets and for the proper carrying on of its activities in the places and in the manner in which its business is now carried on. All such licences, permissions, authorisations and consents are in full force and effect, the Company is not in breach of any of the terms and conditions attached thereto and there are no circumstances which indicate that any of such licences, permissions, authorisations or consents may be revoked or not renewed in the ordinary course of events nor are there any circumstances which indicate that equivalent licences, permissions, authorisations or consents on no less favourable terms would not be granted to the Company following the acquisition of the Sale Shares by the Purchaser.

**3. ASSETS**

The sole assets and property of the Company are the Trade Marks.

**4. NO LIABILITIES**

The Company has no liabilities save for its share capital.

**5. RECORD**

All the accounts, books, registers, ledgers and financial and other material records of whatsoever kind of the Company are up to date, in its possession or under its control and have been fully properly and accurately kept and compiled. There are no material inaccuracies or discrepancies of any kind contained or reflected therein and they give and reflect a true and fair view of the financial, contractual and trading position of the Company and of its assets and liabilities (actual and contingent), debtors and creditors.

**6. CONFIDENTIAL INFORMATION**

6.1 The Company does not use any processes and is not engaged in any activities which involve the misuse of any confidential information belonging to any third party.

**7. INTELLECTUAL PROPERTY**

- 7.1 The Company is not engaged in any activities which, and none of the Company's activities, processes or products, infringe any Intellectual Property or other rights belonging to or vested in any third party.
- 7.2 There are no outstanding claims against the Company for infringement of any Intellectual Property used (or which has been used) by it and no such claims have been settled by the giving of any undertakings which remain in force.
- 7.3 No claims or applications have been made against, no notifications (including "non-threatening letters") have been received by, and no circumstances are known to, the Warrantors in respect of the business of the Company which (notwithstanding any view taken by the Warrantors as to the merits of such claim application, notification or circumstances) if pursued, granted or acted on would affect the accuracy of the Warranties set out in this paragraph 7.

**8. NO EMPLOYEES**

8.1 The Company has no employees.

**9. NO CONTRACTS**

9.1 The Company has not entered into any agreement or contract with any person.

**10. NO TRADING**

10.1 The Company has not engaged in any trading activities.

**11. LITIGATION, OFFENCES AND COMPLIANCE WITH STATUTES**

11.1 Neither the Company nor any person for whose acts or defaults the Company may be vicariously liable is claimant, defendant or otherwise a party to any litigation, arbitration or administrative proceedings which are in progress or are threatened or pending by or against or concerning the Company or any of its assets. The Company

is not being prosecuted for any criminal offence and no governmental or official investigation or inquiry concerning the business or officers of the Company or any of its assets is in progress or pending and there are no circumstances which are likely to give rise to any such proceedings, investigation or inquiry.

- 11.2 Neither the Company nor any of its officers, agents or employees (during the course of their duties in relation to the business of the Company) has committed or omitted to do any act or thing the commission or omission of which is or could be in contravention of any statutory obligations or any applicable laws.
- 11.3 The Company has no liability for any statutory or governmental levy or charge.

## **12. ADMINISTRATION**

- 12.1 The Company has duly filed every document required by all applicable laws, rules and regulations.
- 12.2 The copy of the memorandum and articles of association of the Company made available prior to the date of this Agreement is accurate and complete in all respects, includes copies of all resolutions and documents required to be incorporated therein and fully sets out all rights attaching to each class of the share capital of the Company and the register of members and other statutory books of the Company have been properly kept and contain a true, accurate and complete record of all the matters which should be dealt with therein and no notice or allegation that any of the same is incorrect or should be rectified has been received.
- 12.3 The Company was incorporated in accordance with its memorandum and articles of association and is validly existing and is entitled to carry on the business now carried on by it.
- 12.4 All legal requirements in connection with the formation and conduct of the Company have been observed.

## **13. INSOLVENCY**

- 13.1 No resolution has been passed nor meeting called to consider such resolution, no petition has been presented and no order has been made for the winding up of or for the appointment of a provisional liquidator to the Company.

- 13.2 No liquidator, administrator, receiver, receiver and manager, administrative receiver or similar officer has been appointed in relation to the Company or in relation to the whole or any part of its assets, rights or revenues.
- 13.3 In relation to the Company:
- 13.3.1 no voluntary winding-up arrangement has been proposed or implemented under the Companies Ordinance;
  - 13.3.2 no scheme of arrangement has been proposed or implemented under the Companies Ordinance;
  - 13.3.3 no scheme for the benefit of creditors has been proposed or implemented, whether or not under the protection of the court and whether or not involving a reorganisation or rescheduling of debt; and
  - 13.3.4 no proceedings have been commenced under any law, regulation or procedure relating to the reconstruction or adjustment of debts.
- 13.4 The Company has not stopped or suspended payment of its debts, and the Company is not unable or capable of being deemed unable to pay its debts.
- 13.5 No distress, execution or other process has been levied on an asset of the Company or the Vendor and no unsatisfied judgment, order or award is outstanding against the Company or the Vendor.
- 13.6 No action has been or is being taken by the Registrar of Companies to strike the Company off the register under the Companies Ordinance.
- 13.7 The Vendor has not been made bankrupt, and no petition has been presented to make the Vendor bankrupt.
- 13.8 No events similar or analogous to paragraph 13.1 to 13.7 above has occurred or is likely to occur outside Hong Kong.

**SCHEDULE 4**

**Conditions**

**Part 1**

**Conditions to the Purchaser's Obligations**

1. The Purchaser being satisfied in all respects with the results of its business, financial and legal due diligence review of the Company.
2. All necessary consents and approvals as may be required on the part of the Vendor and the Purchaser in respect of the Transactions having been obtained.
3. The Warranties remaining true, correct and accurate.
4. The Vendor having provided written confirmation from Tony Keith Beijing, Tony Keith Guangzhou and Tony Keith Shanghai, in a form acceptable to the Purchaser, that they have used the Trade Marks pursuant to a licence from Tony Keith Associates Limited, a company incorporated in Niue, the beneficial owners of the entire issued share capital of which are the Vendor and Jia Geng Yang ( 杨家更 ) (the "**Niue Company**"), and following the incorporation of the Company the Niue Company shall transfer the intellectual property rights in the Trade Marks to the Company.
5. Completion of the transactions contemplated under the Asset SPA having taken place.
6. All consents, approvals, orders, permissions or authorizations of, notices to, or registrations, declarations or filings with, any governmental or regulatory authority or entity, domestic or foreign, required on the part of the Purchaser (including without limitation, all business licences and approvals required by the Purchaser for the operation of the Hudson China IT Business and the registration of branches in Guangzhou, Beijing and Shanghai by Hudson Shanghai) in connection with the execution and delivery of this Agreement or the consummation of the Transaction, and any conditions or requirements therein, have been duly complied with.

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**Part 2**

**Conditions to the Vendor's and Warrantors' Obligations**

1. The Purchaser having paid the deposit in full to the Vendor upon signing of this Agreement
2. Purchaser Warranties and Representations in **Clause 7** of this Agreement remaining true, correct and accurate.



## SCHEDULE 5

### Completion

#### Vendor's Obligations

1. The Vendor shall produce a certificate, dated as at Completion Date and evidence of signed agreements certifying that the conditions specified in paragraph 2 to paragraph 5 of the Conditions set out in **Schedule 4** have been fulfilled in their entirety
2. The Vendor shall deliver or procure to be delivered to the Purchaser :
  - 2.1. instrument of transfer in respect of the Sale Shares duly executed by the Vendor and shall procure the due stamping of the same;
  - 2.2. the relevant share certificates (or an express indemnity, in a form satisfactory to the Purchaser in the event of any found to be missing) in respect of the Sale Shares.
  - 2.3. a copy of the board resolutions and shareholders' resolutions of the Company approving this Agreement and the transactions contemplated hereunder;
  - 2.4. letters of resignation of Raymond Wong ( 王国森 ) as the sole director of the Company together with a confirmation under seal that he has no claims whatsoever against the Company in form and substance satisfactory to the Purchaser.
  - 2.5. deliver to the Purchaser a copy of the board resolutions of the Company approving the following appointments:
    - 2.5.1. the appointment of Gary Williams Lazzarotto as sole director of the Company;
    - 2.5.2. the resignation of Raymond Wong ( 王国森 ) as the sole director of the Company;
  - 2.6. all certificates of incorporation and certificates of incorporation on change of name for the Company;
  - 2.7. the common seal and statutory books (including minute books) and books of account of the Company made up to the Completion Date;

- 2.8. copies of all bank mandates (if any) given by the Company and forms of cancellation of such bank mandates duly executed;
- 2.9. a legal opinion in relation to the Company issued by the Company's and/or the Vendor's British Virgin Islands counsel and addressed to the Purchaser and dated as of the Completion Date or a certificate of good standing issued by the Registrar of Companies of the British Virgin Islands dated as of the Completion Date, in the form satisfactory to the Purchaser ;
- 2.10. the documents of title relating to the Intellectual Property belonging to the Company (if any);
- 2.11. such waivers, consents or other documents as the Purchaser may require to enable the full beneficial ownership of the Sale Shares to vest in the Purchaser; and
- 2.12. such other documents and things as the Purchaser may properly and reasonably request to implement the Transaction.

#### **Purchaser's Obligations**

The Purchaser shall:

1. pay the First Instalment to the Vendor at Completion on the Completion Date; and
2. deliver to the Vendor certified copies of board resolution and, if necessary, the shareholders resolution of each Purchaser approving the consummation of the Transaction;

**SCHEDULE 6**

**OPERATION OF THE COMPANY PENDING COMPLETION**

Each of the Warrantors covenants with the Purchaser that, in the period from the date of this Agreement to Completion, it shall and will procure that the Company shall (unless the Purchaser otherwise agrees in writing or pursuant to the terms of this Agreement):

1. not dispose of or agree to dispose of or acquire or agree to acquire any assets or stock or assume or incur or agree to assume or incur a liability, obligation or expense (actual or contingent);
2. not merge or amalgamate or agree to merge or amalgamate its business with any other company;
3. not enter into any scheme or arrangement with creditors;
4. not enter into any contract, transaction or arrangement with any of the Warrantors;
5. not pass any shareholders' resolution save to give effect to the transactions contemplated under this Agreement;
6. not create, allot, issue, acquire, redeem or repay any share or loan capital or agree, arrange or undertake to do any of those things or acquire or agree to acquire shares or any other interest in any other company;
7. not create or agree to create any Encumbrance over any of its assets or make any loans or enter into any guarantee or stand surety for the obligations of any third party;
8. not grant any credit;
9. not declare, make or pay any dividend or other distribution;
10. not change its accounting reference date;
11. not enter into any litigation or arbitration proceedings;
12. not compromise, settle, release, discharge or compound litigation or arbitration proceedings or a liability, claim, action, demand or dispute, or waive a right in relation to litigation or arbitration proceedings;

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13. conduct its business in all material respects in accordance with all applicable legal and administrative requirements in any jurisdiction; and
  14. co-operate with the Purchaser to ensure the efficient continuation of management of the Company pending Completion.

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**SCHEDULE 7**

**Trade Marks**

Trade Mark and logo of “Tony Keith”, “通智咨询” and “动利咨询” owned by Leadway Holdings Group Limited.

**THE VENDOR/WARRANTORS**

Signed by **Raymond Wong (王国森)**  
in his capacity as vendor and warrantor in the  
presence of:

)  
)  
)  
)

Signature /s/ RAYMOND WONG

Witness signature \_\_\_\_\_

Witness name \_\_\_\_\_  
(block capitals)

Date: May 1, 2007

Signed by **Jia Geng Yang (楊家更)**  
in the presence of:

)  
)  
)  
)

Signature /s/ JIA GENG YANG

Witness signature \_\_\_\_\_

Witness name \_\_\_\_\_  
(block capitals)

Date: May 1, 2007

Signed by **Ming Xin Chen (陈明信)**  
in the presence of:

)  
)  
)  
)

Signature /s/ MING XIN CHEN

Witness signature \_\_\_\_\_

Witness name \_\_\_\_\_  
(block capitals)

Date: May 1, 2007

**THE PURCHASER**

Signed by Latham Williams for and on behalf  
of **Hudson Highland Group, Inc,**

)

) Signature /s/ LATHAM WILLIAMS

Date: May 2, 2007

**AGREEMENT IN RELATION TO DEFERRED PAYMENT OF CONSIDERATION**

This Agreement in relation to Deferred Payment of Consideration (the "Agreement") is made on the 30day of April, 2007 by and among Hudson Recruitment (Shanghai) Limited (上海翰德人力資源有限公司) (the "Purchaser"), Tong Zhi (Beijing) Consulting Service Ltd (通智(北京)咨询服务有限公司) ("Tony Keith Beijing"), Guangzhou Dong Li Consulting Service Ltd (广州动利咨询服务有限公司) ("Tony Keith Guangzhou", together with Tony Keith Beijing, hereinafter known as "Sellers"), and Raymond Wong (王国森), Jiageng Yang (杨家更) and Michael Chan (formerly known as Ming Xin Chen (陈明信)) (collectively known as the "Warrantors").

**Whereas,**

- (1) An Asset Sale and Purchase Agreement (the "Asset SPA") dated February 3, 2007 has been entered into by and among the Purchaser, each of the Sellers and each of the Warrantors;
- (2) The parties intend to amend certain terms regarding the payment of part of the Consideration;

Now, therefore, the parties agree as follows:

- (1) Each of the Sellers and Warrantors waive the obligation of the Purchaser to satisfy payment of the Consideration in full at Completion in accordance with Clause 4.1.2 and Schedule 8 of the Asset SPA as a condition precedent to Completion.
- (2) The Purchaser shall pay the sum of United States Dollars Three Hundred Thousand (US\$ 300,000.00), as part of the Consideration, in accordance with Clause 4.1.2 and Schedule 8 of the Asset SPA as a condition precedent to Completion.



- (3) Each of the Sellers and Warrantors agree to defer payment of the sum of United States Dollars Seven Hundred Thousand (US\$700,000.00) (“Deferred Payment”) being part of the Consideration by the Purchaser for a period of six (6) months from the Completion, in consideration of the payment by the Purchaser of interest (“Interest”) on such sum at the rate of six point one eight per cent (6.18%) per annum from Completion until the date when Sellers receive the Deferred Payment thereof.
- (4) The Purchaser agrees to pay the sum of the Deferred Payment and the Interest together to the Sellers within six (6) months after the Completion.
- (5) If the Purchaser fails to pay the Deferred Payment and the Interest within six (6) months after the Completion, the Purchaser shall pay to the Sellers a sum equal to interest on such unpaid amount accruing at the rate of 4% per annum above the best lending rate for US Dollars quoted by The Hongkong and Shanghai Banking Corporation Limited Head Office in Hong Kong from time to time (but if such rate is not permitted under the applicable laws, then at the highest rate which is permitted to be paid under the applicable laws) during the period between the date such payment should have been made hereunder and the date when Sellers receive the actual payment thereof.
- (6) Each of the Sellers and Warrantors confirm and agree that late payment of part of the Consideration by the Purchaser in accordance with this Agreement shall not constitute a breach of the Asset SPA by the Purchaser.
- (7) Each of the Sellers and Warrantors confirm and agree that Completion shall proceed notwithstanding late payment of part of the Consideration by the Purchaser in accordance with this Agreement.

Unless otherwise defined in this Agreement, capitalized terms used in this Agreement shall be as defined in the Asset SPA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

**Hudson Recruitment (Shanghai) Limited**  
**(上海翰德人力资源有限公司)**

Signed by Authorized Representative: /s/ GARY WILLIAM LAZZAROTTO  
Name: Gary William Lazzarotto

**Tong Zhi (Beijing) Consulting Service Ltd**  
**(通智 (北京) 咨询服务有限公司)**

Signed by Authorized Representative: /s/ RAYMOND WONG  
Name: Raymond Wong (王国森)

**Guangzhou Dong Li Consulting Service Ltd**  
**(广州动利咨询服务有限公司)**

Signed by Authorized Representative: /s/ RAYMOND WONG  
Name: Raymond Wong (王国森)

/s/ RAYMOND WONG  
Signed by Raymond Wong (杨家更)

/s/ JIA GENG YANG  
Signed by Jia Geng Yang (杨家更)

/s/ MICHAEL CHAN  
Signed by [Michael Chan] (陈明信)  
(formerly known as Ming Xin Chen)