

## Resolution of Board Meeting of GR Capital Pty Ltd

Date: 19/03/2015

Location: 144/10 Park Rd Hurstville NSW 2220

Present: Ruifa Wang (Yang Wang—Ruifa Wang's daughter), Xiguo Li (Kai Li—Xiguo Li's son) and Wensheng Liu

The resolutions are as below:

To summarise the basic situation of GR Capital Pty Ltd, its performance and existing problems since its establishment and verify financial accounts of 1-3 Railway Pde Project, confirming the next step of company development and the way of shareholder cooperation.

### 1. The Basic situation of GR Capital Pty Ltd

The company was registered and established on 3<sup>rd</sup> of May 2011, consisting of three shareholders, Yang Wang, Kai Li and Lan Liu. As of December 31, 2013, the total invested capital of the three parties was 20 million Australian dollars. Among them, Yang Wang invested 7 million AUD, accounting for 35% of the share, Kai Li invested 7 million AUD, accounting for 35% of the share, Lan Liu invested 6 million AUD, accounting for 30% of the share. Shareholders was entitled the interests and risks of the company in the proportion of investment.

In view of the fact that Xiuju Shi, Kai Li and Lan Liu had established WDL International Investments Pty Ltd before the founding of GR Capital Pty Ltd, the GR shareholders' meeting decided that WDL Company should be under the name of GR Company provided WDL has no liabilities, and that all the shares of WDL should be changed into three shareholders of GR, and investment and earnings of WDL should belong to all the shareholders of GR.

Over the past four years, under the overall management of General Manager Wensheng Liu, the company has achieved a good momentum of development. Although shareholder investment has been in different time, 1-3 Railway Pde project of 32 apartments building has been completed after two years of construction started in December 2012. Apartments have been checked in December 2014, and all of them have been sold except 12 apartments reserved.

Through the specific operation of General Manager Wensheng Liu, there are three pieces of land under the name of the company at present. Among them, 1-3 Railway Pde project has been developed and entered into accounts verification phase; the second project is Gloucester project. Deposit of 8.8 million AUD has been paid; and the third project is Queensland Airlie Beach. The land is 8.3 hectare. Land title is under WDL and DA has been approved. Total payment for Airlie Beach is 4.85 million AUD.

In additional, Wensheng Liu has raised fund to purchase The One Treacy Project land which can build 100 apartments and has negotiated other project "Treacy Street" of 45 apartments and "Landmark" project of 500 apartment.

## 2. 1-3 Railway Pde Project

2.1 according to the report presented by Wensheng Liu, the total investment is \$ 16,403,000 AUD among which shareholders contribute \$ 6,774,700 AUD, bank loan is \$ 9,221,100 and \$ 407,200 interest and legal fee deducted by bank. 20 apartments have been sold and sales revenue is 12,210,000 AUD. There is \$ 4,193,000 AUD investment which has not been returned. (\$ 16,403,000 minus \$ 12,210,000).

The Board agreed that 3 of the 12 unsold apartments will be allocated to each shareholder according to their contribution. 6 of the 12 unsold apartments will be sold to cover the above unreturned investment. The other 3 of the 12 unsold apartments will be rented out and be used as security to get loan. Rental income will be split to each shareholder according their contribution and bank loan will be used for Treacy Street project. Given the fact that Wensheng Liu transfer the Treacy Street project to Ruifa Wang and Xoguo Li, Ruifa Wang and Xiguo Li will be responsible for interest incurred and to make sure funds and interest to be transferred into Treacy Street project.

2.2 after 6 apartments are sold and revenue can cover the shortfall, each shareholder can get their investment back, totalling at \$ 6,774,000 AUD which will be split to shareholders according to their contribution. As the 6 apartments have not been sold, therefore the figure will be recalculated when the apartments are sold.

2.3 The total Shareholder loan is \$ 720,000 AUD which is included the total cost of \$ 16,403,000 AUD. There is \$ 1,993,000 cash at the bank. Wensheng Liu will be responsible for repaying the shareholders' loan from company account to each shareholder. \$ 240,000 is for Yang Wang, minus \$ 108,000 of salary paid to Yang Wang. The actual repayment is \$ 132,000 AUD. \$ 240,000 AUD is for Xiguo Li and \$ 240,000 is for Wensheng Liu.

2.4 3 apartments will be allocated to shareholders according to their contribution:  
Unit 7.02 (\$ 730,000) will be allocated to Yang Wang (Ruifa Wang) and complete the transfer.  
Unit 8.02 (\$ 745,000) will be allocated to Xiuju Shi (Xiguo Li) and complete the transfer.  
Unit 8.01 (\$ 680,000) will be allocated to Lan Liu (Wensheng Liu) and complete the transfer.

2.5 the structure for allocating the remaining asset or profit:

- 2.5.1 Although the remaining 3 apartments are under WDL, they actually belong to 3 shareholders. The allocation method will be determined later.
- 2.5.2 Company's cash at bank should deduct the amount payable to ATO as of 28<sup>th</sup> May this year and balance of construction expenses. Due to the final figure has not been set, therefore the figure will be calculated when the invoices has been issued.
- 2.5.3 The receivable account includes salary advanced to Yang Wang and Sen Wang, which has been accounted into company expenses and variation cost for other purchaser has been accounted into company expenses.

- 2.6 timeframe to get investment back for 1-3 Railway Pde Project.
- 2.6.1 3 shareholders invested \$ 6,774,000 AUD into this project. Yang Wang (Ruifa Wang) 's investment ratio is 35%, so she is entitled to get \$ 2,371,000 back. Wensheng Liu is responsible to transfer this fund into Yang Wang's bank account in July 2015 or pay for Treacy Street Project land cost and 50% of initial cost advanced by Wensheng Liu after 50% share of Treacy Street Project has been transferred to Yang Wang.
- 2.6.2 Xiuju Shi (Xiguo Li) 's investment ratio is 35%, so she is entitled to get \$ 2,371,000 back. Wensheng Liu is responsible to transfer this fund into Kai Li's bank account in July 2015 or pay for Treacy Street Project land cost and 50% of initial cost advanced by Wensheng Liu after 50% share of Treacy Street Project has been transferred to Kai Li. This fund will be treated as investment capital from Kai Li for Treacy Street project.
- 2.6.3 Wensheng Liu's investment ratio is 30%, so he is entitled to get \$ 2,032,000 back. The fund belongs to Wensheng Liu.
- 2.6.4 Before the account has been verified, the remaining matter and financial matter are still belonged to 3 shareholders, loan raised for Treacy Project and interest incurred will be Ruifa Wang and Xiguo Li's responsible. Untils the 3 remaining apartments settled, 3 shareholders will determine who is going to run WDL.
- 2.6.5 Company investment capital distribution and paying timeframe shall not be affecting the settlement of Treacy Street project land in July 2015. If Xiguo Li needs to borrow money, Wensheng Liu shall guarantee that Xiguo Li will pay back the fund on time. Xiguo Li and Wensheng Liu should be responsible for any damage caused. Xiguo Li should be responsible for paying the interest.

### 3. Regarding 33-35 Treacy St Project (Treacy Street Project)

This project consists two pieces of land. Land Area is 900m<sup>2</sup>. Land price is total 6.63 million AUD (one is 3.13 million AUD, the other one (Caveator) is 3.5 million AUD). When the DA approval is above 45 apartments, it needs to pay \$ 80,000 AUD to the caveator for each above apartment. At the moment, Wensheng Liu and his company has signed land sales of contract with vendor for the first land and paid 20% deposit of \$ 626,000 AUD, the balance will be paid in July 2015. Wensheng Liu and his company has signed land sales of contract with second vendor and paid 5% deposit of \$ 175,000 AUD, including \$ 80,000 AUD additional payment to the caveator. Preparation of DA application is in process to make sure the construction can commence in July 2015.

After discussion between 3 shareholders, Wensheng Liu voluntarily transfer this project to Ruifa Wang and Xiguo Li. Yang Wang and Kai Li holds 50% of share respectively and are responsible for the management of the project.

Transfer plan will be whole project transfer. Project company will sign the transfer agreement with Yang Wang and Kai Li and finalise the transfer process. After the project has been transferred, Wensheng Liu will continue to be responsible for following matters:

- (1) Be responsible for Land settlement process;
- (2) Be responsible for the DA application to make sure the DA approval is above 55 apartments;
- (3) Continue to prepare the loan application

- (4) Continue to be a consultant to this project and tell every details to Yang Wang and Kai Li;
- (5) Continue to work with architects, builder and QS, and carry out negotiation with construction supply and set budget to make sure the best quality of the project and reasonable cost.

Project will pay Wensheng Liu 1.5 million AUD for doing above work. Final payment figure and time to pay will be discussed later.

#### 4. Regarding Queensland Airlie Beach Land.

This project was obtained under the name of GR and WDL on 7/7/2011. The land area is 8.3 hectare. Total cost is 4.85 million AUD, including 1.85 million AUD for land price and 3 million AUD for fees to council and other fee.

- 4.1 Wensheng Liu is responsible for selling the land and trying to settle the sales before 1/5/2015. The profit and investment capital will be spilt to Ruifa Wang 35%, Xiguo Li 35% and Wensheng Liu 30%.
- 4.2 Start to use the land as security to apply a business loan from the bank. If the land is sold, loan shall be repaid and security shall be discharged. Loan will be used to invest Hurstville Gloucester Project or The One Treacy project. Investment will be \$ 200,000 AUD per share and shareholder will get fixed return. (Investment agreement will be signed later).  
An offer from Beijing Rehabilitation Center has been made for 8.5 million AUD. Representatives has been sent to discuss the matter.
- 4.3 After the settlement of Airlie Beach land and completion of accounts verification of 1-3 Railway Pde project, previous tripartite agreement regarding WDL merged into GR will be re-negotiated to determine the ownership of WDL.

#### 5. Regarding Hurstville Gloucester project

GR has paid 8.8 million AUD to the vendor and local council. Contribution ratio is Yang Wang (Ruifa Wang) 35%, Xiuju Shi (Xiguo Li) 35% and Lan Liu (Wensheng Liu) 30%. As shareholders did not contribute enough capital, the project did not proceed. In order to commence the project, Wensheng Liu has put the project under GR Capital Group. However, the investment fund and profit of the project still belong to 3 shareholders. According to the analysis from shareholders, company will focus on this project in the second half of this year. After discussion between 3 shareholders, the plans are as below:

- 5.1 Wensheng Liu will be responsible to facilitate the condition to make sure the construction commence before the end of 2015 or settle the land and get DA approved.
- 5.2 The investment fund for this project is short at the moment. It is considered to use Airlie beach land to get the loan to settle this project land. Other shortfall can be covered by shareholders or the way of crowd-raise.
- 5.3 3 shareholders will continue to develop the project. The share of project company will be transferred to 3 shareholders—Yang Wang 35%, Kai Li 35% and Wensheng Liu 30%.

This resolution can be translated into English, but the Chinese version shall prevail. The resolution will be effective after each shareholder's signature.

Signed by Ruifa Wang, Yang Wang, Xiguo Li, Xiuju Shi, Kai Li, Wensheng Liu and Lan Liu in Australia on 19/03/2015