ABC CHINA
ARTICLES OF ASSOCIATION

AUGUST 2008
CHAPTER I GENERAL PROVISIONS .................................................................2
CHAPTER II PURPOSE, BUSINESS SCOPE AND SCALE ............................3
CHAPTER III TOTAL AMOUNT OF INVESTMENT AND REGISTERED CAPITAL ....4
CHAPTER IV SINGLE SHAREHOLDER............................................................5
CHAPTER V EXECUTIVE DIRECTOR ............................................................6
CHAPTER VI SUPERVISOR............................................................................7
CHAPTER VII MANAGEMENT STRUCTURE...............................................8
CHAPTER VIII TAX, FINANCE AND ACCOUNTING .......................................9
CHAPTER IX LABOUR MANAGEMENT .......................................................12
CHAPTER X TRADE UNION .......................................................................13
CHAPTER XI INSURANCE ..........................................................................13
CHAPTER XII DURATION, DISSOLUTION AND LIQUIDATION ....................13
CHAPTER XIII RULES AND REGULATIONS ...........................................16
CHAPTER XIV SUPPLEMENTARY ARTICLES .........................................17
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ABC LAND LIMITED, a Hong Kong company incorporated on 9 August 2005, with its legal address located at FLAT/RM LIWA CENTRE, HK, belongs to a group of companies which is very active in the housewares, bathroom furniture and shower cabins field.

In view of the large potential of the Chinese market, ABC LAND LIMITED wishes to establish a wholly foreign-owned subsidiary in Shanghai, in order to undertake wholesale distribution of housewares, bathroom furniture and shower cabins in the PRC and to provide related auxiliary services to respond to PRC market specificities.

CHAPTER I GENERAL PROVISIONS

ARTICLE 1

The present Articles of Association are hereby formulated by ABC LAND LIMITED (hereinafter referred to as the "Single Shareholder") in accordance with the "Law of the People's Republic of China on Wholly Foreign-owned Enterprises" (hereinafter referred to as "WFOE Law") and its Implementing Regulation (hereinafter referred to as "WFOE Regulation"), for the setting up of ABC CHINA (hereinafter referred to as the "Company") in Shanghai, PRC. The present Articles of Association are also formulated in accordance with the PRC Company Law as amended and entered into force on 1 January 2006, wherever the WFOE law is silent.

ARTICLE 2

The name of the Company in Chinese: 林贸易（上海）有限公司

The Legal address of the Company: Room 2402, No.1461 West Nanjing Road, Shanghai

The Company may, by decision of the Executive Director and with the approval of relevant Chinese authorities, establish inside or outside the PRC branch offices, subsidiaries and other affiliated entities necessary to fulfil the needs of its activity.
ARTICLE 3

Name of the Single Shareholder: ABC LAND LIMITED
Legal Status: Limited Liability Company
Legal address: FLAT/RM 1806 KAWA CENTRE, 5-19 HK
Legal Representative: David
Position: Director
Nationality: U.K.

ARTICLE 4

The Company is a Chinese legal person and a limited liability company. The liability of the Single Shareholder of the Company is limited to its contributions to the registered capital of the Company in accordance with Chapter III of the present Articles of Association.

ARTICLE 5

The activities of the Company shall be governed by the promulgated and publicly available laws of the People’s Republic of China.

The Company shall be protected under the laws of the People's Republic of China and shall be provided with lawful rights and relevant preferential treatments.

CHAPTER II PURPOSE, BUSINESS SCOPE AND SCALE

ARTICLE 6

The purpose of the Company is to manage the distribution and expansion of ABC LAND LIMITED’s housewares, bathroom furniture and shower cabins in China. By doing so, the Single Shareholder will develop the Chinese market of such products, enhance the overall quality level of such products as well as raise economic efficiency and ensure satisfactory economic benefits for the Single Shareholder.
ARTICLE 7

The business scope of the Company can be described as follows: Wholesale, commission agency (excluding auction), import and export of housewares, bathroom furniture and shower cabins, and related ancillary services.

ARTICLE 8

The Company shall be free to determine and implement the modalities of the design, development, sales and after-sale service of its products in the PRC, subject to the respect of the applicable rules and regulations.

CHAPTER III TOTAL AMOUNT OF INVESTMENT AND REGISTERED CAPITAL

ARTICLE 9

The total amount of investment of the Company equals USD200,000 (two hundred thousand USD).

The registered capital of the Company equals USD140,000 (one hundred forty thousand USD).

20% of the registered capital shall be contributed in USD in cash within three (3) months after the issuance of the Company’s Business Licence. The remaining portion shall be contributed within two (2) years after the issuance of the Company’s Business Licence.

ARTICLE 10

After capital contributions have been made, the Company shall appoint an accountant registered in China, who shall issue a verification report. Upon receipt of a satisfactory verification report, the Company shall submit one original of the verification report to the Administration for Industry and Commerce for the record.

ARTICLE 11

The Company may, upon decision of the Single Shareholder pursuant to Article 13 below, increase its registered capital provided it has obtained the approval of the relevant approval authority and the Single Shareholder shall have a preferential right to subscribe to such capital increase.
The Company may reduce its registered capital in accordance with relevant Chinese laws and regulations and subject to a valid resolution of the Single Shareholder to that effect, provided that the relevant approval authority approves such reduction.

ARTICLE 12

Any important matters such as division, merger with another economic organisation, capital increase, reduction or transfer, liquidation and all other matters requiring the approval of the original examination and approval authority, shall be subject to the approval by such examination and approval authority and to the registration with the Administration for Industry and Commerce.

CHAPTER IV SINGLE SHAREHOLDER

ARTICLE 13

The Company is invested by a Single Shareholder and, pursuant to Article 62 of the PRC Company Law, shall not have a shareholders’ meeting.

The Single Shareholder shall be the highest authority within the Company and perform all the functions listed below:

(a) to approve the business policy and investment plans of the Company, on the basis of resolutions made to that effect by the Executive Director;
(b) to elect and replace the Executive Director and the Supervisor and decide on matters relating to their remuneration;
(c) to consider and approve reports of the Executive Director;
(d) to consider and approve reports of the Supervisor;
(e) to consider and approve the Company's proposed annual financial budgets and final accounts;
(f) to consider and approve the Company's profit distribution plans and plans for making up losses;
(g) to decide on the increase or reduction of the Company's registered capital;
(h) to decide on the issuance of corporate bonds;
(i) to decide on matters such as the merger, division, dissolution, liquidation or restructuring of the Company; and
(j) to amend the Articles of Association of the Company.

When the Single Shareholder makes a decision on any of the matters specified above, it shall do so in writing, and such written decision shall be kept within the Company for the record.
CHAPTER V EXECUTIVE DIRECTOR

ARTICLE 14

Pursuant to Article 51 of the PRC Company Law, the Company does not establish a Board of Directors upon its setting up.

Therefore, the Single Shareholder shall nominate one Executive Director and the Executive Director shall perform all the functions listed in Article 16 below.

The date of issuance of the Company’s business license shall be the date of empowerment of the Executive Director.

ARTICLE 15

The Executive Director shall have a term of office of three (3) years and may remain in office if he has not resigned, been removed or become unavailable for cause of disease or death.

If for any reason there is a vacancy on the Executive Director, a new Executive Director shall be appointed by the Single Shareholder.

The Single Shareholder is entitled to remove the Executive Director at any time and at its own discretion without compensation.

Appointment or removal of the Executive Director shall be done by written notification by the Single Shareholder to the Executive Director and shall be deemed to have taken effect on the date of the receipt of such written notification by the Executive Director.

ARTICLE 16

The Executive Director is the legal representative of the Company and shall exercise all the functions and powers relating to the management of the Company that are not within the scope of responsibility of the Single Shareholder, or delegated to the General Manager. The functions and powers of the Executive Director include:

(a) to implement the decisions of the Single Shareholder;
(b) to decide on the business policy and the investment plans of the Company;
(c) to formulate the proposed annual financial budgets and final accounts of the Company;
(d) to formulate the profit distribution plans and plans for making up losses of the Company;
(e) to formulate plans for the increase or reduction of the registered capital of the Company and for issuance of corporate bonds;
(f) to formulate plans for the merger, division, dissolution and restructuring of the Company;

(g) to decide on the establishment of the Company's internal management organization (including any delegation of authority);

(h) to decide on the engagement or dismissal of the managers of the Company (including the General Manager) and matters relating to their remuneration;

(i) to formulate the basic management system of the Company; and

(j) any major and important matters regarding the Company, which are not reserved to the Shareholder under the Company Law.

When the Executive Director makes a decision on any of the matters specified above, it shall do so in writing, and such written decision shall be kept within the Company for the record.

**ARTICLE 17**

The Executive Director shall, in principle, not be entitled to receive any remuneration, allowance and other fees from the Company in consideration for his function. However, the Single Shareholder may, at its own discretion and according to individual situation, decide to remunerate the Executive Director.

Travelling expenses, accommodation and other costs and expenses directly incurred by the Executive Director in executing his function shall be borne by the Company. Any other remuneration or advantage given to the Executive Director shall be authorized by the Single Shareholder.

**CHAPTER VI SUPERVISOR**

**ARTICLE 18**

Pursuant to Article 52 of the PRC Company Law, the Single Shareholder shall select and appoint a single Supervisor. The Supervisor shall protect the rights and interests of the Single Shareholder and of the Company.

**ARTICLE 19**

The Supervisor shall exercise the following functions and powers:

(a) to examine the Company's financial affairs and provide written comments to the Single Shareholder on the annual financial statements of the Company;

(b) to supervise the Executive Director and senior managers in the performance of their company duties and to propose to the Single Shareholder the dismissal of the Executive Director (or propose to the Executive Director the dismissal of
senior manager) who violates any law, administrative regulations, the present Articles of Association, or any decision of the Single Shareholder;
(c) to demand the Executive Director or senior managers to rectify such act that is considered detrimental to the interests of the Company;
(d) to inform the Company of any potential risks affecting its business and to propose corrective measures to the Single Shareholder;
(e) to institute legal proceedings in a people’s court against the Executive Director or senior manager in accordance with Article 152 of the Company Law.

**ARTICLE 20**

No director or senior manager shall concurrently work as a supervisor.

The term of office of the Supervisor shall be 3 years. The Supervisor may, after the expiry of his/her term of office, hold a consecutive term upon re-election.

The Supervisor shall exercise his duties at least once a year through a written decision that shall be notified to the Single Shareholder and to the Executive Director and kept within the Company for the record.

**CHAPTER VII MANAGEMENT STRUCTURE**

**ARTICLE 21**

The Company shall establish a Management Office that shall be responsible for the daily management of the Company. The Management Office shall be headed by a General Manager, appointed by the Executive Director. The General Manager shall be responsible to the Executive Director.

The General Manager shall be responsible for carrying out the policies and decisions of the Executive Director within the limit of the policies and guidelines defined by the Executive Director. A delegation of authority may be given by the Executive Director to the General Manager in certain specified business matters.

**ARTICLE 22**

In addition to the General Manager, the management office of the Company may include some department managers.

The appointment of such department managers shall be decided by the Executive Director.
The General Manager shall draft and implement business plans and policies of the Company and shall be responsible to the Executive Director.

The General Manager may, when he deems necessary, entrust one or several members of the Company to carry out the operation and management of the Company and make relevant reports to the General Manager.

Any of them may be an officer, director or employee of the Single Shareholder.

The Company shall be entitled to use external services, provided that the conditions of such external services are not unfavourable to the Company.

**ARTICLE 23**

The General Manager, other members of the Management Office as well as any employees shall not serve or act on behalf of other economic entities in competition with the Company unless specifically approved in writing by the Executive Director.

The General Manager shall be required to submit a written resignation notification to the Executive Director at least ninety (90) days prior to his resignation, subject to the decision of the Executive Director for any shorter or longer notice period. Other members of the Management Office shall be required to submit a written resignation notification to the General Manager at least thirty (30) days prior to their resignation, subject to the decision of the General Manager for any shorter or longer notice period or except as otherwise specified in the employment agreement.

**ARTICLE 24**

The Executive Director shall have the power to dismiss the General Manager, and any members of the Management Office in accordance with the relevant Chinese laws and regulations.

**CHAPTER VIII  TAX, FINANCE AND ACCOUNTING**

**ARTICLE 25**

The Company shall pay taxes in accordance with the relevant promulgated and publicly available Chinese laws and regulations and preferential treatments applicable to the Company.

The Company shall apply for itself to obtain all tax benefits that may now or in the future be available under PRC law or any applicable international treaties or agreements, including *inter alia* tax holidays, exemptions, reductions, privileges and preferences with
respect to PRC income taxes, withholding taxes, customs duties, value added taxes, consumption tax, business tax, real estate taxes, vehicles taxes and any other relevant taxes and duties.

ARTICLE 26

The employees of the Company who are Chinese tax residents shall pay individual income tax in accordance with the "Individual Income Tax Law of the People's Republic of China" and other relevant promulgated and publicly available Chinese laws and regulations.

ARTICLE 27

(a) The bookkeeping and accounting systems of the Company shall comply with the "Enterprises Accounting Regulations", other relevant PRC laws and regulations and internationally accepted accounting practices, provided however that the Company shall ensure that the application of such internationally accepted accounting practices is consistent with PRC accounting principles.

(b) The Company shall use the Renminbi as its accounting currency. The conversion of foreign currencies into Renminbi for accounting purposes shall be calculated according to the average rate published by the People's Bank of China, for the relevant currency on the date of the relevant transaction, unless applicable laws and regulations allow the use of another exchange rate for such conversions.

(c) The Company shall adopt the accrual basis accounting method and the debit-credit book keeping method.

(d) All statements, reports and account books shall be written in both Chinese and English.

(e) Depreciation method of fixed assets of the Company shall be decided by the Executive Director in accordance with and for the periods provided under relevant Chinese laws and regulations.

ARTICLE 28

The Company's official fiscal year begins on January 1 and ends on December 31, except as otherwise decided by the Executive Director and approved by the relevant PRC authorities.
ARTICLE 29

The Company may open foreign currency and Renminbi accounts with appropriate bank(s) in accordance with relevant Chinese laws and regulations.

ARTICLE 30

In the first three (3) months of each fiscal year, the General Manager shall organise the preparation of the previous year's balance sheet, profit and loss statement and proposals regarding the disposal and distribution of profits, and submit them to the Executive Director for examination and then to the Single Shareholder for approval.

The General Manager shall also be responsible for the preparation and submission to the Executive Director of yearly reports as determined by the Executive Director.

The accounts of the Company shall be audited each year by an auditor registered in China and engaged by the Executive Director from an accounting firm of international reputation, whose report shall be submitted to the Executive Director.

The Single Shareholder shall have the right at any time to send its own employees or to employ its own auditor to inspect all accounting related documents.

ARTICLE 31

The Company shall set aside a reserve fund, enterprise development fund and workers' welfare and bonus fund in accordance with relevant Chinese laws and regulations.

The proportion of such allocation shall be decided by the Single Shareholder in accordance with the effective laws and regulations of the time and the financial situation of the Company.

ARTICLE 32

After taxes are paid and allocations are made to the funds in accordance with Article 31, the Single Shareholder shall declare the net profit for the year which, unless otherwise decided by the Single Shareholder shall be distributed to the Single Shareholder in foreign currency. It is understood that all fees and expenses related to the conversion of the net profit in foreign currency shall be borne by the Company.

ARTICLE 33
The Company shall receive, use and settle the foreign exchange in accordance with "PRC Regulations on Administration of Foreign Exchange" and other applicable Chinese laws and regulations.

CHAPTER IX LABOUR MANAGEMENT

ARTICLE 34

Policies relating to matters such as the total number of workers, recruitment, dismissal, wages, welfare, benefits, labour insurance, bonuses and labour discipline shall be determined by the General Manager in accordance with (a) the policies stipulated by the Executive Director, (b) the "Labour Law of People's Republic of China", and other promulgated relevant PRC laws and regulations, and (c) the actual financial condition of the Company.

ARTICLE 35

The Company shall have the right to recruit and hire employees directly from any available sources in the PRC or abroad. In all cases, the Company shall employ only those employees who are sufficiently qualified for employment.

ARTICLE 36

The Company shall sign individual labour contracts with each of its employees. Each labour contract shall include type of work, technical ability and remuneration of such employee. Increases in remuneration shall be determined by the General Manager in accordance with the decision of the Executive Director or policies concerning such increases. The individual labour contracts shall be signed in accordance with the PRC labour laws and regulations and shall be submitted to the local labour bureau for the record.

ARTICLE 37

If the General Manager or the authorised Manager determines that the Company has a surplus of personnel, or if an employee is not able to meet the requirements of the Company after training or if it is not possible to transfer such employee to another assignment, then the General Manager or the authorised Manager may dismiss employees in accordance with their individual labour contracts.
ARTICLE 38

The Company, acting through the General Manager or the authorised Manager, shall have the widest authority possible consistent with the relevant promulgated Chinese labour laws and regulations to implement modern methods for management and quality control, including the power to criticise, educate or take disciplinary action extending to dismissal for cause against workers and staff members for violation of their labour contracts or the rules of the Company. Economic compensation and severance payment regarding workers dismissed for cause shall be made pursuant to the provisions of the yearly individual labour contracts and relevant Chinese labour laws and regulations.

CHAPTER X TRADE UNION

ARTICLE 39

The employees of the Company shall have the right to establish a labour union in accordance with relevant Chinese laws and regulations that shall represent the right and interest of the employees.

ARTICLE 40

The Company shall allocate an amount equal to two percent (2%) of the aggregate amount of wages of the employees of the Company for labour union activities. The labour union shall use such funds strictly in accordance with the "Rules for the Management of Trade Union Funds" formulated by the All China Federation of Trade Unions.

CHAPTER XI INSURANCE

ARTICLE 41

The insurance policies of the Company shall be underwritten either with the People's Insurance Company of China or with any other insurance companies in accordance with the relevant Chinese laws and regulations. The General Manager shall determine the type value and term of such insurance under the approval of the Executive Director.

CHAPTER XII DURATION, DISSOLUTION AND LIQUIDATION

ARTICLE 42
The duration of the Company shall be thirty (30) years, starting from the date of issuance of the Company's Business License.

**ARTICLE 43**

Upon decision of the Single Shareholder, an application for the extension of the duration may be submitted to the original approval authority no later than six (6) months prior to the scheduled expiration date.

**ARTICLE 44**

The Company shall be dissolved for the following reasons:

(a) the term of operation specified in the present Articles of Association expires;

(b) the Single Shareholder decides to dissolve the Company;

(c) dissolution is necessary due to the merger or division of the Company;

(d) the business licence has been revoked or the Company has been ordered to close down or the Company is banned in accordance with the law.

Upon the occurrence of any of the following events, the Single Shareholder shall have the right to apply to the relevant authorities for the dissolution and liquidation of the Company:

(a) any additional or different conditions are imposed by the relevant approval authority or any other governmental authority that materially affect the Single Shareholder's rights under these Articles of Association;

(b) the accumulated losses of the Company exceed two thirds (2/3) of its registered capital or the Company suffers heavy losses that the Single Shareholder deem cannot be recovered;

(c) the Company has been unable to operate for a continuous period of six (6) months due to the occurrence of an event of force majeure or any other reason not attributable to the Single Shareholder;

(d) any of the business license or other licenses (if any) required for the operation of the Company has expired, been terminated or been suspended for a continuous period of three (3) months;

(e) all or a material portion of the assets or property of the Company in the PRC is expropriated or requisitioned, or the PRC personnel of the Company is
reassigned or withdrawn and the operations of the Company are thereby adversely affected to a material extent;

(f) in case of increase in the taxes, duties and charges due by the Company due to a change in the applicable laws which adversely and materially affected the operations and benefits of the Company to such an extent that the company has failed to reach its business goal, nor are there any perspective of development;

(g) adverse change in the laws, regulations, or any rules whatsoever of the PRC that materially affect the Single Shareholder's rights under these Articles of Association so that the Company is unable to continue its operation;

(h) the Single Shareholder deems the termination of the Company as in the Company's best interest.

The early termination of the Company shall only become effective upon a valid decision of the Single Shareholder and approval of such termination by the original examination and approval authority.

**ARTICLE 45**

(a) In the event the Company is dissolved and liquidated in accordance with Article 44 above, the Company shall submit for approval to the relevant PRC governmental authorities a report setting out procedures and principles of liquidation and the list of members of its liquidation committee. If necessary, the Single Shareholder may appoint one (1) auditor or/and one (1) attorney-at-law as member of the liquidation committee or for assisting the committee.

(b) Each member of the liquidation committee shall have the right to cast one (1) vote on matters to be decided at the meetings of the liquidation committee.

(c) The liquidation committee shall inspect and evaluate all the assets (including without limitation, tangible and intangible assets, properties and accounts receivable), debts and other liabilities of the Company and shall prepare a balance sheet for use in the liquidation of the Company.

(d) The liquidation committee shall prepare a liquidation plan for the Company in accordance with the Articles of Association and the relevant provisions of the WFOE Regulations. For the purpose of preparing the liquidation plan, the liquidation committee shall engage an accounting firm of international reputation registered in China to carry out inspection and valuation of all the assets, debts and other liabilities of the Company. The accounting firm's method of valuation shall be reflected in the liquidation plan.

(e) Upon approval by the Single Shareholder of the liquidation plan, the liquidation committee shall carry out liquidation according to such approved plan.
During the liquidation of the Company, the liquidation committee shall represent the Company in bringing or defending any legal action.

Any liquidation expense and remuneration payable to the members of the liquidation committee shall be paid out of the Company’s assets in priority to the claims of other creditors.

If there is any amount remaining after deduction from the total assets of all debts and other liabilities (including, without limitation, the liquidation expenses and remuneration referred to in paragraph (g) above), such remaining amount shall be disposed by the Single Shareholder.

Upon completion of the liquidation of the Company, it shall apply for the cancellation of its Business License and return the same to the relevant authorities.

CHAPTER XIII  RULES AND REGULATIONS

ARTICLE 46

The Company may formulate some rules and regulations for the management of the Company. These Rules and regulations to be approved by the Executive Director of the Company shall include not limited to:

(a) Management regulations, including the powers and functions of the Department managers and their working rules and procedures;

(b) Rules for the staff and workers;

(c) System of Labour and Salary;

(d) System of work attendance record, promotion and awards and penalties for staff and workers;

(e) Detailed rules for staff and workers' welfare;

(f) Financial system;

(g) Liquidation procedures upon the dissolution of the Company;

(h) Other necessary rules and regulations.
CHAPTER XIV SUPPLEMENTARY ARTICLES

ARTICLE 47

These Articles of Association may be amended by a valid decision of the Single Shareholder to that effect and shall become effective upon approval by the original approval authority.

ARTICLE 48

The formation, validity, interpretation, performance of these Articles of Association and its Annexes shall be governed by the laws of the People's Republic of China which are published and publicly available in the PRC but in the event that there is no published and publicly available law in the PRC governing a particular matter relating to these Articles of Association, reference shall be made to general international practices.

If after the signing of these Articles of Association (a) existing Chinese laws and/or regulations (hereinafter referred to as the "Chinese Law") is changed or any new Chinese Law is introduced which is applicable to the Company or the activities of the Single Shareholder, and (b) the effect of such changed or new Chinese Law is either to provide for preferential treatment to or has an adverse effect on the Company or the Single Shareholder, then:

(a) if the changed or new Chinese Law is more favourable to the Company or to the Single Shareholder than the Chinese Law in effect on the date these Articles of Association were signed, the Company shall promptly apply to receive the benefits of such changed or new Chinese Law, and,

(b) if, because of such changed or new Chinese Law, the Single Shareholder's economic benefits under these Articles of Association are materially and adversely affected, directly or indirectly, then, in accordance with the provisions of the relevant Chinese laws and Regulations, (1) amendments to these Articles of Association as shall be required to maintain the Single Shareholder's economic benefits under these Articles of Association shall be made; or (2) the Single Shareholder terminate the Company in accordance with the provisions of the relevant Chinese laws and Regulations and these Articles of Association.

ARTICLE 49

These Articles of Association are executed in both Chinese and English versions. Both versions shall be equally authentic and have equal validity, it being acknowledged that these versions are consistent in all material respects.
ARTICLE 50

These Articles of Association and any modification thereto shall become effective upon their approval by the relevant approval authority.

These Articles of Association are signed by the duly authorised representative of the Single Shareholder on August 2008.

Mr. David

Legal Representative of ABC LIMITED