

DATED 18TH DAY OF MAY 2006

CHINA GOLDEN DEVELOPMENT HOLDINGS LIMITED (1)
(the "COMPANY")

- and -

LAM CHUNG FAI (2)
(the "DIRECTOR")

SERVICE AGREEMENT

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SERVICE AGREEMENT

THIS AGREEMENT is made the 18th day of May 2006

BETWEEN:

- (1) **CHINA GOLDEN DEVELOPMENT HOLDINGS LIMITED**, a company incorporated in Bermuda and whose principal of business is situated at Suite 5307, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (the "**Company**"); and
- (2) **MR. LAM CHUNG FAI**, holder of Hong Kong Identity Card Number P357696(9) of Flat C7, 19/F, Kwan Yick Building Phase II, 343 Des Voeux Road West, Hong Kong (the "**Director**").

WHEREAS the Company has appointed the Director as a director of the Company with effect on 18 May 2006. In this connection, the Company would like the Director to commit a substantial amount of his time to the Company and for that purpose, proposes to employ the Director on the terms and conditions set out below.

IT IS HEREBY AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this Agreement, including its recitals and schedules, unless the context otherwise requires:

| | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Associate" | having the meaning ascribed thereto in the Listing Rules; |
| "Appointment" | the employment of the Director as referred to herein from the Effective Date; |
| "Board" | the board of directors from time to time of the Company or (as the context may require) the majority of directors present and voting at any meeting of the Board duly convened and held; |
| "Business" | all the business and affairs carried out by the Group or any member of it from time to time; |
| "business day" | any day (including Saturday) on which banks in Hong Kong generally are open for business; |
| "Companies Ordinance" | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); |
| "Confidential Information" | in relation to the Business, all information, know-how, trade secrets and records (in whatever form held), including (without limitation) all formulae, designs, specifications, drawings, data, manuals and instructions, customer lists, business plans and forecasts, technical or other expertise and computer software, accounting and tax records, correspondence, orders and enquiries which are confidential or not generally known; |
| "Effective Date" | bears the meaning ascribed to therein in Clause 2(C); |
| "Financial Year" | the financial year of the Company from time to time; |
| "Group" | the Company and its subsidiaries from time to time; |
| "HK\$" | Hong Kong dollars, the lawful currency of Hong Kong; |
| "Hong Kong" | Hong Kong Special Administrative Region of the People's Republic of China; |

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|---------------------------|-------------------------------------------------------------------------------------------------------------------------|
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time; |
| "Memorandum and Bye-Laws" | the memorandum of association and bye-laws of the Company from time to time; and |
| "subsidiary" | has the meaning ascribed thereto in section 2 of the Companies Ordinance. |

- 1.2 In this Agreement, words importing the singular include the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporated.
- 1.3 References herein to "Clauses" are to clauses of this Agreement.
- 1.4 The headings and table of contents in this Agreement are for convenience only and shall not affect its interpretation.
- 1.5 References to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute

2. APPOINTMENT AS DIRECTOR

- 2.1 The Company shall employ the Director and the Director shall well and faithfully serve the Company as an executive director and to carry out his duties hereunder including but without limitation, to be responsible for the day-to day management, administration and overseeing the business of the Group subject to and upon the terms set out below.
- 2.2 Subject to the provisions for termination set out in Clause 8 and at least one month's written notice given by either party or payment in lieu of such notice, the Appointment shall continue for a fixed period of three years commencing on 18 May 2006 (the "Effective Date").

3. DIRECTOR'S DUTIES AND SERVICES

- 3.1 The Director hereby undertakes with the Company that during the term of the Appointment, he shall use his best endeavours to carry out his duties hereunder and to protect, promote and act in the best interests of the Group.
- 3.2 The Director in his office as an executive director of the Company shall:-
- (A) devote his time and efforts exclusively and diligently to the interests and affairs of the Company in the discharge of his duties in relation to the Company and the Group generally;
 - (B) in the discharge of such duties and in the exercise of such powers, comply with all and any lawful directions and instructions from time to time made or given to him by the Board according to the best of his skills and ability and comply with all resolutions, regulations and directions from time to time passed or made by the Board;
 - (C) in pursuance of his duties hereunder, perform such services for the Group and (without further remuneration unless otherwise agreed) accept such offices in the Group as the Board may from time to time reasonably require and without limiting the generality of this Clause, act as a director of the Company and of each of its subsidiaries; and
 - (D) faithfully and diligently perform such duties and exercise such powers as are consistent with his office in relation to the Company and the Group.

- 3.3 The Director shall at all times give promptly to the Board (in writing if so requested) all such information as the Board may reasonably require in relation to his duties hereunder and of the Business in so far as such information is or ought to be within the knowledge of the Director and provide such explanations as the Board may require in connection therewith.
- 3.4 The Director shall carry out his duties and exercise his powers jointly with any other director or executive as shall from time to time be appointed by the Board to act jointly with the Director and the Board may at any time require the Director to cease performing or exercising any of his duties or powers under this Agreement without assigning any reason therefor.
- 3.5 The normal office hours of the Group are 9:30 a.m. to 6:00 p.m., Monday through Friday and 9:30 a.m. to 1:00 p.m. on Saturday. The Director may be required to (and, if so required, shall) work outside these normal hours without additional pay.
- 3.6 The Director shall be required to carry out his duties in Hong Kong, the People's Republic of China or such other parts of the world as the Board may request or as the interests, needs, business and opportunities of the Group will require or be deemed advisable by the Board.

4. REMUNERATION

- 4.1 In consideration for the performance of his duties hereunder, the Director shall receive during the term of the Appointment
- (A) a fixed salary at the monthly rate of HK\$72,000 (including any sum payable to the Director as director's fees from any company in the Group) payable on the last day of each calendar month and such salary shall be reviewed annually by the Board (except that no review shall be made by the Board for the first year after the commencement of the Appointment) and decided by the majority in number of the members of the Board subject to the recommendation of the Remuneration Committee of the Company, provided that the Director shall abstain from voting and shall not be counted in the quorum at any meeting of the Board at which the Board is to determine the amount payable to him pursuant to this Clause 4.1(A); and
- (B) a year-end bonus of an amount equivalent to one month of the fixed salary of the Director pursuant to Clause 4.1(A) which will be paid on a pro rata basis on the actual period of employment if the employment period is less than one year at such year end.
- 4.2 Payment of such salary and the year-end bonus to the Director referred to in Clause 4.1 above shall be made either by the Company or by another company in the Group and if by more than one company in such proportions as the Board may from time to time think fit.
- 4.3 The Director shall be entitled to participate in the share option scheme of the Company and any of its subsidiaries in force from time to time (particulars of which will be provided on request), subject to the rules of the share options scheme and the Listing Rules.

5. BENEFITS AND EXPENSES

- 5.1 The Company shall reimburse the Director all reasonable out-of-pocket expenses (including expenses of entertainment, subsistence and travelling) properly and reasonably incurred by him in relation to the Business or in the discharge of his duties hereunder, which expenses shall be evidenced in such manner as the Board may require.
- 5.2 The Company shall pay annual subscriptions and premiums for personal accident insurance of its choice for the benefit of the Director, which coverage shall be on such terms and in such amount as the Board in its absolute discretion shall deem fit. The Director shall also be enrolled into the Company's mandatory provident fund scheme subject to the terms and conditions therein.

5.3 The Company will arrange the Director to join the Mandatory Provident Fund Scheme ("MPFS"). The Director acknowledges that, as prescribed by section 7A(1)(b) of the MPFS Ordinance, the Company shall deduct from the salary payable to the Executive pursuant to Clause 4.1 the amount of any contribution payable by the Director under the scheme in which the Director participates.

5.4 The Company shall pay or provide to the Director such additional benefits (such as medical benefits) as the Board shall in its absolute discretion deem appropriate.

6. LEAVE

6.1 The Director shall (in addition to Sundays and statutory holidays) be entitled, to paid holiday of 14 working days (for which purpose a Saturday which is not a statutory holiday shall be treated as half a working day) in each calendar year during the term of the Appointment, to be taken at such time or times convenient to the Company as the Board may agree.

7. SHARE DEALINGS

7.1 The Director shall comply with every relevant rule of law, regulation of The Stock Exchange of Hong Kong Limited, the Hong Kong Securities and Futures Commission or any other regulatory authority or other market on which he or his Associates deals (including but not limited to complying with every regulation of the Company and the Memorandum and Articles and the Corporate Governance Practice Manual of the Company in force) in relation to dealings in shares, debentures or other securities of the companies in the Group and in relation to unpublished price-sensitive information affecting the shares, debentures or other securities of any company in the Group, and in relation to overseas dealings the Director shall also comply with all laws of the place and all regulations of the stock exchange, market or dealing system in which such dealings take place.

8. TERMINATION

8.1 Without prejudice to the accrued rights (if any) or remedies of either party under or pursuant to this Agreement, the Company shall be entitled (but not obliged) to terminate the Appointment without any compensation to the Director:-

(A) by giving not less than one month's notice in writing given at any time while the Director shall have been incapacitated or prevented by reason of physical ill health, injury or accident from performing his duties hereunder for a period of or periods aggregating 120 days in the preceding 12 months, provided that if at any time during the subsistence of a notice given pursuant to this sub-paragraph, the Director shall provide a medical certificate satisfactory to the Board to the effect that he has fully recovered his physical health and that no recurrence of illness or incapacity can reasonably be anticipated the Company shall withdraw such notice; or

(B) by summary notice in writing with immediate effect if the Director at any time:-

(a) commits any serious or persistent breach of any of the provisions herein contained (and to the extent that such breach, if capable of remedy, fails to be remedied within 30 days after written notice from the Board);

(b) is guilty of dishonesty or any grave misconduct or wilful neglect in the discharge of his duties hereunder (and to the extent that such breach, if capable of remedy, fails to be remedied within 30 days after written notice from the Board);

(c) is absent from the place of his work for a continuous period of six months, without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

- (d) becomes of unsound mind, or is or becomes a patient for any purpose of any ordinance or law relating to mental health;
- (e) becomes bankrupt or has a receiving order made against him or makes any arrangement or composition with his creditors generally;
- (f) is otherwise prohibited by law from fulfilling his duties hereunder;
- (g) is convicted of any criminal offence (other than a criminal conviction which in the opinion of the Board does not affect his position in the Company);
- (h) is guilty of conduct tending to bring himself or any company in the Group into disrepute;
- (j) refuses to carry out any reasonable lawful order given to him by the Board in the course of his employment or fails diligently to attend to his duties hereunder;
- (k) improperly divulges to any unauthorised person any Confidential Information or any other business secret or details of the organisation, business or clientele of the Group; and
- (l) is removed as a director of the Company by its shareholders in general meeting.

8.2 If the Company becomes entitled to terminate the Appointment pursuant to Clause 8(A), it shall be entitled (but without prejudice to its right subsequently to terminate the Appointment on the same or any other ground) to suspend the Director with or without payment of salary, in full or in part, for so long as it may think fit.

8.3 If the Director shall cease to be a director of the Company (otherwise than pursuant to the provisions of the Memorandum and Bye-Laws relating to the retirement of directors by rotation, provided that the Director is re-elected at the annual general meeting at which he retires) his appointment hereunder shall thereby automatically terminate but if such cessation shall be caused by any act or omission of either party without the consent concurrence or complicity of the other then such act or omission shall be deemed a breach of this Agreement and termination hereunder shall be without prejudice to any claim for damages in respect of such breach.

8.4 Upon the termination of the Appointment howsoever arising, the Director shall:-

- (A) at any time and from time to time thereafter at the request of the Company or the Board immediately resign from office as a director of the Company and all offices held by him in any other company in the Group, and the Director hereby irrevocably appoints the Company and any person nominated by it for the purpose severally as his lawful attorney and in his name and on his behalf to execute any document under hand or under seal or do anything necessary to give effect thereto and a certificate in writing signed by a legal advisor to the Company that any instrument or act falls within the authority hereby conferred shall be conclusive evidence that such is the case and any third party shall be entitled to rely on such certificate without further enquiry, provided howsoever that such resignation or resignations shall be given and accepted on the footing that it is or they are without prejudice to any claim which the Director may have against any such company arising out of this Agreement or of the termination of the Appointment;
- (B) forthwith deliver to the Company all books, records (whether in machine readable or eye readable form), documents, papers, materials, correspondence, accounts, together with all copies thereof and other property of or relating to the Group or the Business which may then be in his possession or under his power or control; and

- (C) not at any time thereafter represent himself as a director of the Company and, if applicable, a director of any subsidiary of the Company.

9. FORMER SERVICE AGREEMENTS

- 9.1 This Agreement embodies all of the terms and provisions of and relating to the employment of the Director by the Company and is in substitution for and supersedes any previous service agreements, arrangements or undertakings entered into between any company in the Group and the Director in respect of such employment.
- 9.2 The Director hereby acknowledges that he has no claim of any kind whatsoever against any company in the Group and without prejudice to the generality of the foregoing, he further acknowledges that he has no claim for damages against any company in the Group for the termination of any previous service agreements, arrangements or undertakings for the sole purpose of entering into this Agreement.

10. RECONSTRUCTION

- 10.1 If this Agreement is terminated by reason of the liquidation of the Company or the transfer of its business to another one or more companies for the purpose of reconstruction or amalgamation and the Director is requested to provide his services with the restructured entity or any concern or undertaking on terms and conditions no less favourable to him in all respects than the provisions of this Agreement, the Director shall not have any claim against the Company or its successors-in-title in respect of such termination.

11. AMENDMENTS

- 11.1 This Agreement shall not be capable of being amended, supplemented or modified in any manner, save by an instrument in writing signed by the parties hereto.

12. SEVERABILITY

- 12.1 If at any time any provision of this Agreement is or becomes invalid, illegal, unenforceable or incapable of performance in any respect, such provision shall be deemed to be deleted from this Agreement, and the validity, legality, enforceability or performance of the remaining provisions of this Agreement shall not thereby in any respect be affected or impaired.

13. WAIVER AND OTHER RIGHTS

- 13.1 No single or partial exercise of, or failure or omission to exercise or delay in exercising any right, power or remedy vested in either party under or pursuant to this Agreement or otherwise shall constitute a waiver by such party of such or any other right, power or remedy.
- 13.2 Any right, power or remedy expressly conferred upon either party under this Agreement shall be in addition to and without prejudice to all other rights, powers and remedies which would otherwise be available to such party under this Agreement or at law.

14. TIME

- 14.1 Time shall be of the essence of this Agreement, both as regards the dates and periods specifically mentioned in this Agreement and as to any date and period which may by written agreement between or on behalf of the parties hereto be substituted for them.

15. ASSIGNMENT

- 15.1 This Agreement shall not be capable of being assigned by either party to any person.

16. **SUCCESSORS**

- 16.1 This Agreement shall be binding upon the parties hereto and the successors of the Company, and shall enure to the benefit of, and be enforceable by, the parties hereto and the successors of the Company.

17. **COUNTERPARTS**

- 17.1 This Agreement may be executed in any number of counterparts and by either party on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument.

18. **GOVERNING LAW AND JURISDICTION**

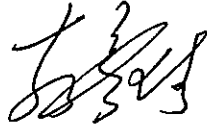
- 18.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of Hong Kong.

The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong for all purposes in connection herewith.

EXECUTION PAGE

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

SIGNED by)
its director for and on behalf of)
CHINA GOLDEN DEVELOPMENT)
HOLDINGS LIMITED)
in the presence of :-)



SIGNED by LAM CHUNG FAI)
in the presence of :-)

