

Contract No.: 201102711110033

## **Comprehensive Credit Contract**

CHINA EVERBRIGHT BANK

## **Comprehensive Credit Contract**

**Borrower:** Yangzhou Yalian Steel Pipe Co., Ltd. (hereinafter referred to as Party A)

Registered Address:

Legal representative:

Tel:

Fax:

**Lender:** China Everbright Bank Yangzhou Branch (hereinafter referred to as Party B)

Registered Address: No. 231, Wenhui East Road, Yangzhou

Tel: 0514-89988811

Fax: 0514-89988817

This Contract is entered into by and between the above Parties based on the principle of equality, willingness and integrity in compliance with the Commercial Bank Law of the People's Republic of China, the Interim Management Procedures for Authorization and Credit by Commercial Banks, Guidelines on the Management of Risks of Credit Granted by Commercial Banks to Group Clients and other applicable rules and regulations.

### **Chapter I: Definition**

1: Unless otherwise specified in this Contract, the following terms refer to:

**Comprehensive Credit:** the conditional commitment that Party B extends to Party A

regarding one or more credit loan support

**Particular business:** the loan, Bank's Acceptance Bill and trade financing and other supports provided by Party B to Party A according to relevant comprehensive credit line granted to Party A by Party B.

**Maximum Credit Amount:** the maximum liability amount that Party A may apply from Party B for various particular businesses during the credit term specified in the Contract entered into by and between Party A and Party B.

**Credit amount for particular business:** the maximum liability amount that Party A may apply from Party B for one particular business during the credit term within the maximum credit amount specified in the Contract.

Credit amount already used: the principal of all the outstanding liability of Party B under particular business during the credit term of the comprehensive credit line specified in the Contract.

## **Chapter II Maximum Credit Amount and the Amount Break-Up by Particular Business**

2.1 The maximum credit amount granted by Party B to Party A is RMB 50 million.

2.2: N/A

3: credit amount break-up by particular business

3.1: general loan: no

3.2: bank's acceptance bill: RMB 40 million

3.3: trade financing: RMB 10 million. The two parties entered into a separate Trade Financing Comprehensive Credit Contract (reference No.: 201102711110033) to stipulate the use of the credit amount.

3.4: N/A

3.5: N/A

3.6: N/A

3.7: the two parties agree and acknowledge that the business types under the maximum credit amount can be adjusted and modified, rather than only limited to the above two types, and the credit amount for certain business can be used for other business purposes as well.

### **Chapter III Credit Term**

4: The term of the maximum credit line is from Oct. 18, 2011 to Oct. 17, 2011, and the specific term for particular business shall be determined in a separate contract.

### **Chapter IV the use of the credit**

5: Party A may apply for drawing the credit amount at one time or by installments during the credit term; after that Party B may determine the business category, amount and term based on the credit status of Party B and by referencing to its relevant policies and the provisions of this Agreement.

6: the Maximum credit line granted to Party A can be revolved during the credit term specified in this Agreement, specifically when all the outstanding loan for specific business is repaid, the same credit line can be granted to Party A for similar business during the term, but is subject to the polices of Party B.

7: A separate contract shall be entered into for any specific loan business, and any inconsistency between this Contract herein and any specific business contract signed by and between the two Parties under this Contract shall be subject to the terms agreed in the respective business contract.

## **Chapter V: Expense Rate**

8: any interest rate, exchange rate, expense rate and other charges by Party B shall be subject to the separate contract for specific business entered into by the two parties.

## **Chapter VI: Adjustment of the Credit Line**

9: In case of the following events when Party A performing this Contract or specific business contract, Party B shall has the right to adjust the maximum credit amount, amount for specific business and corresponding credit term, terminate the Contract and stop releasing the unused credit amount to Party A without consulting with it, recover partial or all of the used credit amount from Party B at its sole discretion, and take other steps:

9.1: material adjustment of the national currency policy;

9.2: the region where Party A locates in exposes to or might expose to huge financial risk;

9.3: the market where Party A carries out business experiences significant changes;

9.4: Party A is or will be challenged by material operational problems or risks;

9.5: Party A involves in any M&A, restructuring, split-off, dissolution and any other similar affairs that Party B concludes that they might have adverse effect on the loan safety;

9.6: Party A refuses to cooperate with Party B with its supervision and review;

9.7: Party A uses the loan for other purposes or illegal businesses without obtaining the prior approval of Party B;

9.8: Party A provides false information or conceals material operational and/or financial result.

9.9 Party A transfers assets, illegally withdraws capital and evade liability etc.

9.10 In the event that Party A is the group client of Party B, Party A fraudulently obtains

credit fund from Party B by virtue of pledging false contract, accounts payable bill and accounts receivable bill and other creditor right to Party B; or evade the liability on purpose through related parties transaction.

9.11: Party A violates this Contract.

9.12 The guarantor to this Contract suffers significant capital shortage or operational problem, which may weaken its guaranty ability to a large extent.

9.13 The mortgage is destroyed or lost, which may threaten the safety of Party B's creditor right.

9.14 any other conditions or events that weakened or might weaken Party B's ability to repay its liability or adversely affect or will be affecting Party A's interest.

9.15 The daily average settled balance of the settlement account opened by Party A at Party B is lower than [ ] % of the sum of credit line.

9.16 Party A fails to perform its obligations stipulated in any specific business contract.

10: Upon execution of this Contract, Party A may submit written application, requesting to adjust the credit amount. Notwithstanding the above provisions, the adjustment can be made after approved by Party B in written. The written application by Party A and written approval by Party B shall be deemed as the modification to article 3 of this Contract, and therefore has the same legal effect with this Contract.

### **Chapter 7: Guarantee**

11: To ensure the realization of creditor's rights under this Contract, guarantee is required as follows:

11.1 Jiangsu Tongyu Steel Pipe Group Co., Ltd. guarantees the credit loan by entering into

Maximum Guarantee Contract with Party B (reference No.:20110271111003 )

11.2 N/A

11.3 N/A

11.4 N/A

12: This chapter makes stipulations on the guarantee for creditor's rights, but if Party B considers it is necessary, Party B has the right to require Party A to provide other guarantees when two parties handle specific business, and Party A is forbidden to make the aforementioned article as an excuse to refuse to provide guarantees.

#### **Chapter 8: Warranties of Party B**

13: Party A shall apply to use the specific line of the credit in accordance with this Contract, and Party B shall accept and handle it in time as well as inform Party A of the review results after reviewing its application.

14: Unless otherwise stipulated in this Contract, Party B is forbidden to make unfavorable adjustments to Party A in the line of credit and credit term without giving notice to Party A.

#### **Chapter 9: Warranties of Party A**

15: Party A shall repay its debt and pay for all accrued expenses on time in accordance with the specific business agreements.

16: Capital usage within the line of the credit shall be in accordance with laws and regulations as well as stipulations of this Contract and specific business agreements and under the inspection conducted by Party B at any time.

17: During the credit term, Party A shall submit the following to Party B, which includes its accurate and reliable financial statements, information of its banking account, deposits and

loans, as well as other operational materials.

18: Where Party A is identified as a group client by Party B in accordance with Guidance for Commercial Banks on Risk Management of Group Clients, Party A shall report its related party transaction to Party B in time when the transaction amount is 10% or more of its net asset, including but not limited to:

18.1: Relationships with the parties;

18.2: Objects and nature of the transaction;

18.3: Transaction amount and corresponding ratio;

18.4: Pricing policy (including transactions involving no amount or a token amount)

18.5 Other conditions stipulated by laws or required by Party B

19: Party A shall open a settlement account at the bank of Party B, daily average settled balance of this settlement account shall not be lower than [ ] % of the sum of credit line.

20: During the credit term, if Party A provides a guarantee to any third party, Party A shall inform Party B in advance and ensure its debt-paying ability at the same time.

21: Party A assumes the following notification obligations in the credit term:

21.1 Where legal representative, location of the legal person, or operations is changed, or other changes occur, including registered capital, equity, significant investment and so on, Party A shall inform Party B within 15 days from the date of change and provide corresponding materials.

21.2 During the credit term, if Party A involves in any material lawsuit, arbitration, other judicial proceedings, administrative penalties, or if material changes occur in its operation and financial situation, which could affect the realization of creditors' rights of Party B, Party

A shall inform Party B immediately.

21.3 During the credit term ,if Party A carries out capital reorganization in forms of mergers, acquisition, spin offs and so on, or has activities of contract and lease which conducted in any form which could change the right of management, or conducts activities which change the organization and mode of operation, or applies for dissolution or bankruptcy to end operational activities, Party A shall notify Party B two months in advance and repay all the debts owed to Party B or ascertain its debt-paying liabilities.

22: Any violations of any articles of this Contract or any specific business agreements, constitute defaults on this Contract. Party B has the right to recover any capitals under the line of credit in advance and terminate this Contract and specific business agreements.

Any loss arise from Party A's defaults, Party A assumes the obligations of full compensation.

#### **Chapter 10: Validity of the Contract**

23: This Contract shall bear the signatures (seals) of the legal representative/authorized signatories of both parties, accompanying the company seals of the parties to become effective.

#### **Chapter 11: Disputes Settlement**

24: Any disputes arising out of or related to this Contract shall be settled through friendly consultation between two parties; if the parties cannot reach an agreement by consultation, then any party may submit legal proceedings to the People's Court in the jurisdiction where Party B is situated.

#### **Chapter 12: Contract Integrity**

25: Any specific business agreements entered into by two parties in light of this Contract is

the integral part of this Contract..

26: Where Party A fails to perform the obligations agreed in any specific business agreements entered into by two parties in light of this Contract, which shall be deemed as a default on this Contract, Party B has the right to terminate this Contract and recover the undue loans ahead of the time.

27: Upon the approval of Party B, Party A may grant a part or whole of the line of credit to other parties, and enter into a specific business agreement in the name of the granted parties with Party B, subject to the Grant Agreement of the Credit Line issued by Party A and accepted by Party B.

28: To the specific business stipulated in Article 3, Party A is not necessary to specify the line of the credit in the Grant Agreement of the Credit Line /Grant Agreement of Buyback Guarantee.

29: Party A must specify that whether the granted parties may transfer the grant in the Grant Agreement of the Credit Line.

30: For issues not stipulated in this Contract, two parties may enter into other separate written agreements as the attachments of this Contract, which are integral parts of this Contract and have the same legal effects with this Contract.

### **Chapter 13: Supplementary**

31: This Contract shall be executed in three counterparts, with one for Party A and the other two for Party B. All the counterparts shall be considered as the original.

32: This Contract is entered into by two parties at Yangzhou on Oct. 18, 2011.

33:N/A

34: Where any aspects of the articles under this Contract is or become illegal, invalid, or unenforceable at any time, the legality, validity and enforceability will not be affected or impaired.

35: Where a business of bank's acceptance bill occurs under this Contract, China Everbright Bank Yangzhou Branch will enter into a bank's acceptance agreement. The specific business shall be handled by China Everbright Bank Yangzhou Branch Banking Department, while China Everbright Bank Yangzhou Branch shall enjoy rights and assume obligations.

Article 36: Other agreements: None

Party A (Company Seal)

Yangzhou Yalian Steel Pipe Co., Ltd

Legal Representative:

(or Authorized Signatory)

Party B (Company Seal)

China Everbright Bank Yangzhou Branch

Legal Representative/Responsible:

(or Authorized Signatory)