

## SHAREHOLDERS' AGREEMENT

Shareholders' agreement made as of the 1st day of January, 2000, by and among Bong Y. Yu, May W. Yu, Patrick K. Yu, Raymond H. Yu and Catherine L. Yu, individuals all residing at 33 East 38<sup>th</sup> Street, New York, New York 10016 (such individuals are hereinafter collectively referred to as the "Shareholders") and Moklam Enterprises, Inc., a New York corporation (hereinafter, the "Corporation") having its principal place of business at 475 Fifth Avenue, 19<sup>th</sup> Floor, New York, New York 10017.

### WITNESSETH:

Whereas, the Corporation was incorporated on August 31, 1982, under the laws of the State of New York;

Whereas, the Corporation is authorized to issue two hundred (200) shares of common stock, without par value per share (collectively, the "common stock");

Whereas, the Shareholders collectively own all of the issued and outstanding shares of common stock of the Corporation; and

Whereas, the Shareholders desire to promote their mutual interests and the interests of the Corporation by imposing certain restrictions and obligations with respect to (i) the shares of common stock of the Corporation registered in their respective names and (ii) the future operation and management of the Corporation.

Now, therefore, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions.

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

(a) "Agreement" shall mean this shareholders' agreement.

(b) "Stock" shall mean any and all shares of the Corporation's common stock owned by the Shareholders as of the date hereof or hereafter acquired, regardless of how or from whom acquired. The term shall also include fractional shares of Stock, options and warrants to purchase Stock, and shares received by way of dividend or upon an increase, reduction, substitution or reclassification of Stock, or upon any merger, consolidation or reorganization of the Corporation.

(c) "Shareholders" shall mean Bong Y. Yu, May W. Yu, Patrick K. Yu, Raymond H. Yu and Catherine L. Yu; and any other person or entity who or which acquires any Stock and becomes a party to this Agreement pursuant to the terms hereof.

(d) "Shareholder" shall mean any of the Shareholders.

2. Ownership of Shares. The Shareholders each currently own stock in the Corporation as follows:

<u>Name</u>	<u>Number of Shares</u>
Bong Y. Yu	<u>31</u>
May W. Yu	<u>26</u>
Patrick K. Yu	<u>14</u>
Raymond H. Yu	<u>24.5</u>
Catherine L. Yu	<u>24.5</u>

3. Restriction on Transfer of Stock of Individual Shareholders.

3.1. No Shareholder shall sell, assign, transfer, pledge, give, bequeath or otherwise in any manner encumber or dispose of, directly or indirectly, any Stock (or any interest therein), or the stock certificate or certificates issued with respect to any Stock, now or hereafter at any time owned by any such Shareholder, except that Stock (or any interest therein) owned by a Shareholder may be: (i) to the extent permitted under applicable law, pledged as collateral in connection with any loan or other financing obtained by the Corporation; (ii) transferred by a Shareholder to a child or grandchild of such Shareholder, either directly or in trust; and (iii) transferred as may be specifically permitted by this Agreement or as may be consented to in writing by the holders of not less than sixty-six (66 %) percent of the total number of outstanding shares of Stock.

3.2. With respect to any person or entity acquiring any Stock in violation of the terms and conditions of this Agreement: (i) such person or entity shall not be entitled to vote such Stock; (ii) no dividend shall be paid or distribution made on such Stock; and (iii) the Corporation shall neither transfer on its books the registered ownership of any such Stock, nor issue any certificate in lieu of such Stock, nor issue any new Stock, unless and until there has been compliance with each of the conditions set forth in this Agreement affecting such Stock or certificates.

4. Term of Agreement. This Agreement shall terminate upon the occurrence of any of the following events:

- (a) cessation of the Corporation's business operations;
- (b) consolidation or merger with any corporation or other entity as a result of which the Corporation is not the surviving entity; or
- (c) bankruptcy, receivership or dissolution of the Corporation.

Unless earlier terminated as provided above, this Agreement shall continue in effect until December 31, 2099. All of the agreements, understandings and obligations herein contained which expressly or by implication subsist after termination of this Agreement shall survive such termination.

5. Conditions for Transfer of Stock to a Non-Party.

5.1. If any of the Shareholders desires to make during such Shareholder's lifetime a bona fide disposition of all or part of such Shareholder's Stock (other than a disposition permitted pursuant to Section 3.1 above) to a person, partnership, corporation or other entity who or which is not a party to this Agreement (hereinafter referred to as a "Non-Party") and who or which is permitted to hold such Stock under applicable law, such Shareholder (hereinafter sometimes referred to as the "Offeror"), shall first grant successive rights of first refusal (hereinafter referred to as the "Options") to the Corporation and then to the other Shareholders, as follows:

(a) to the Corporation, which shall have thirty (30) days to exercise such option in full but not in part; and then

(b) to all of the Shareholders other than the Offeror (hereinafter collectively referred to as the "Other Shareholders"), pro-rata to the respective number of shares of Stock then owned by each of the Other Shareholders, who shall have thirty (30) days to exercise such Option. If any of the Other Shareholders (hereinafter, the "Non-Purchasing Shareholders") shall not agree to purchase such Other Shareholder's pro-rata share of the Stock of the Offeror within the thirty (30) day period referred to in this Section 5.1(b), then the Other Shareholders who have so agreed to purchase within said thirty (30) day period (hereinafter, the "Purchasing Shareholders") may collectively elect, within the immediately following fifteen (15) day period, to purchase the Stock not purchased by the Non-Purchasing Shareholders, pro-rata to the respective number of shares of Stock then owned by the Purchasing Shareholders, or in such other ratio as the Purchasing Shareholders may mutually agree; and then

(c) if the Other Shareholders shall not have purchased all of the Stock of the Offeror pursuant to clause (b) above, then the Corporation shall have an additional fifteen (15) day period immediately following either (i) the thirty (30) day period afforded to the Other Shareholders pursuant to clause (b) above to purchase the Stock not purchased by the Corporation or (ii) the fifteen (15) day period afforded to the Purchasing Shareholders pursuant to clause (b) above to purchase the Stock not purchased by the Non-Purchasing Shareholders, whichever of (i) or (ii) shall be applicable.

Each Option will be considered granted successively and will only be effective as to the Other Shareholders pursuant to clause (b) above if the Corporation does not exercise its Option in full pursuant to clause (a) above and will only be effective as to the Corporation pursuant to clause (c) above if the Other Shareholders do not exercise their Options in full pursuant to clause (b) above.

5.2. Each Option shall be granted by a written notice of offer to the Corporation and to the Other Shareholders, stating the number of shares of Stock offered, the price and terms of the proposed disposition, and the name and address of the Non-Party to whom the Offeror desires to transfer the Stock being offered. As used herein, the term "disposition" shall include, but shall not be limited to, any disposition by sale, delivery, assignment, gift, exchange or transfer.

5.3. Each Option shall be exercised (to the extent herein permitted) by giving to the Offeror a written notice of exercise prior to the expiration of the applicable Option exercise period.

5.4. With respect to the exercise of any Option, the purchase price for the Stock subject to such Option shall be ten thousand and 00/100 (\$10,000.00) dollars per share (hereinafter, the "Agreed Value"); provided, however, that any Stock offered by an Offeror who proposes to dispose of such Offeror's Stock at a price less than Agreed Value, or upon terms more favorable to the Non-Party than those set forth in Section 5.5 below, or both, shall be sold at such proposed lower price or upon such more favorable proposed terms, or both, as the case may be.

5.5. The purchase price shall be payable as follows: (i) ten (10%) percent of the purchase price in cash or by certified check of the purchaser delivered at the closing; and (ii) the balance of the purchase price in ten (10) equal, consecutive, annual installments of principal commencing on the first anniversary of the closing date, evidenced by a non-negotiable promissory note made by the purchaser, payable to the Offeror with interest on the principal amount of each annual installment calculated at the applicable federal rate in effect as of the closing date for a note such as said promissory note, as promulgated by the Internal Revenue Service. Said promissory note shall provide for (i) the right of acceleration of the unpaid principal sum, together with accrued interest thereon, in the event of any default in the payment of any installment of principal or interest thereon after notice and the expiration of a seven (7) day cure period; (ii) the right of prepayment, in whole or in part, at any time, without penalty, but with interest accrued to the date of prepayment; and (iii) the waiver of presentment, demand, protest and notice of dishonor. The indebtedness evidenced by the promissory note shall be secured in accordance with the provisions of Section 7 below. The promissory note shall contain such other reasonable provisions as shall be determined by the attorneys for the Corporation, who shall prepare such promissory note and all other documents relating thereto.

5.6. If the Corporation shall be the purchaser and the surplus of the Corporation shall prove to be insufficient (under then existing laws) to authorize the Corporation to purchase the Stock of the Offeror in accordance with the provisions of this Section, then the Corporation shall perform such acts as may be necessary and lawful to increase such surplus to an amount sufficient to authorize the purchase of the Stock of the Offeror, including, but not limited to, the following: (i) a recapitalization of the Corporation so as to reduce the stated capital and increase its surplus; (ii) a reappraisal of the assets of the Corporation (including good will, if any) to reflect the market value of such assets on the books of the Corporation, if such value exceeds the book value thereof, so as to increase such surplus; and (iii) a contribution by the Other Shareholders of cash or property, or both, to the Corporation so as to increase its surplus to an amount sufficient to enable it to lawfully effectuate such purchase.

5.7. Any such sale shall be closed at the offices of the Corporation at a date and time (during ordinary business hours) fixed by the Corporation, being not less than twenty (20) nor more than thirty (30) days after the date on which the purchaser shall have given notice of its intention to exercise the Option. At such time, such purchaser shall make payment of the purchase price against receipt of such Stock by the escrow agent described in Section 7 below in proper form for transfer to the purchaser and such other documents as counsel for the purchaser shall reasonably request.

5.8. If the Corporation and the Other Shareholders shall fail to exercise their respective Options to purchase all of the Offeror's Stock as aforesaid, then in such event the Offeror shall be permitted to dispose of the Offeror's Stock, provided: (i) such disposition shall occur within thirty (30) days after the expiration of all of the Option exercise periods; (ii) such disposition shall be to the Non-Party described in, and at a price and upon the terms substantially as set forth in, the notice of offer to the Corporation and the Other Shareholders; and (iii) the Non-Party acquiring such Stock shall execute and deliver to each party hereto, as a condition precedent to any disposition permitted hereunder, an agreement acknowledging that all of the Stock transferred or to be transferred to the Non-Party is and shall continue to be subject to the terms, conditions and restrictions of this Agreement and agreeing to be bound by this Agreement. If a disposition of the Stock of the Offeror to the Non-Party in accordance with the notice of offer to the Corporation and Other Shareholders shall not have been consummated upon the expiration of the thirty (30) day period referred to in clause (i) of this Section 5.8, then all of the Stock of the Offeror shall again be subject to all of the restrictions set forth in this Agreement.

5.9. Any attempt by any of the Shareholders to make a disposition of such Shareholder's Stock in violation of the provisions of this Agreement shall be deemed to be an offer of the Stock of such Shareholder pursuant to the provisions of this Section 5; provided, however, that the purchase price for the Stock so offered shall be fifty (50%) percent of the Agreed Value of such Stock.

6. Legal Representation. The parties hereby acknowledge that this Agreement has been prepared by counsel for the Corporation and that all of the parties to the Agreement other than the Corporation has been advised to consult with an independent attorney of such party's own choosing with regard to all matters relating to this Agreement.

7. Delivery of Stock.

7.1. On the closing date of the sale provided for in Section 5 above, the selling Shareholder (hereinafter, such selling Shareholder is referred to as "Selling Shareholder") shall deliver to the purchaser of such Stock, certificates for the Stock being sold endorsed in favor of such purchaser. In order to secure the performance of such purchaser's obligations under any promissory note, such purchaser shall pledge and give a first priority security interest in the Stock being purchased and shall deliver certificates representing all of the Stock being purchased to an escrow agent (being any person, corporation, partnership or other entity agreed to by the Selling Shareholder and the purchaser, or if the parties cannot so agree as to the escrow agent, then the attorneys regularly representing the Corporation shall be designated as escrow agent, or such attorneys shall designate any third party to serve as escrow agent), together with a stock power duly endorsed in blank and in proper form to effectuate transfer of such Stock. Concurrently with the delivery in escrow of the shares of Stock being sold, if the Selling Shareholder is then an officer, director or employee of the Corporation, the Selling Shareholder shall deliver to the Corporation the Selling Shareholder's resignation as such. Upon payment in full of such promissory note, the Stock and stock power held by the escrow agent shall be released to the purchaser of the Stock. At the closing, a formal escrow agreement prepared by the attorneys regularly representing the Corporation and containing such reasonable provisions consistent with this Agreement as shall be determined by said attorneys will be entered into among such Selling Shareholder, the purchaser of the Stock and the escrow agent.

7.2. If the Selling Shareholder shall fail to deliver the Stock in accordance with the terms of this Agreement, then the purchaser of such Stock may, at its option, in addition to all other available remedies, send to the Selling Shareholder the first installment of the purchase price for such Stock. Thereupon, the Corporation, upon notice to the Selling Shareholder, shall: (i) cancel on its books the certificate or certificates representing the Stock to be sold; (ii) issue, in lieu thereof, a new certificate representing such Stock registered in the name of such purchaser; and (iii) deliver such new certificate to such purchaser and, thereupon, the Selling Shareholder shall not be entitled to receive any subsequent installment of the purchase price and such purchaser shall not be required to make any further installment payment, unless and until the Selling Shareholder shall have delivered to such purchaser the original certificate or certificates in accordance with the terms of this Agreement to be held in escrow as herein set forth. If the Selling Shareholder shall be unable to furnish any original certificate because it has been lost or destroyed, then the Selling Shareholder shall pursue appropriate procedures to be agreed upon with the Corporation in order to satisfy the delivery requirements hereunder.

7.3. Upon receipt of evidence of default of more than thirty (30) days in the payment of any said promissory note after the giving of written notice thereof, the escrow agent shall be authorized to sell the Stock held by it by public sale, at which public sale the Selling Shareholder shall have the right to bid for and purchase the Stock being sold. However, before offering the Stock for public sale, the escrow agent shall give the purchaser of such Stock an opportunity to purchase the Stock at any time prior to the public sale for an amount equal to the unpaid principal and interest on such promissory note, plus the costs and expenses, including, without limitation, reasonable legal fees incurred as a result of the purchaser's default, in preparation for such sale. The escrow agent shall apply all dividends and other distributions held by it and the proceeds from such sale:

- (a) first, to the payment of any and all expenses of such sale, including reasonable attorneys' fees;
- (b) then, to the payment of the indebtedness to the Selling Shareholder; and
- (c) any excess thereof to be paid over to the purchaser.

The Selling Shareholder shall also retain any and all available rights and remedies at law and in equity. Upon the performance of its duties in accordance with the provisions hereof, the escrow agent shall be relieved and discharged of any and all obligations and liabilities hereunder and held harmless for any act or omission to act except those constituting gross negligence or willful misconduct.

7.4 During the period in which the Stock shall be held in escrow, the Selling Shareholder shall not be entitled to exercise any voting rights with respect thereto; however, provided and on condition that there shall then be no default of more than thirty (30) days in the payment of the promissory note given by any purchaser pursuant to Section 5.5 above, such purchaser shall be able to vote such Stock pro-rata to the number of shares of Stock purchased by such purchaser. Upon receipt of satisfactory evidence of payment in full by the purchaser of the Stock, the escrow agent shall forthwith turn over to the purchaser the shares of Stock and any and all dividends or property received by the escrow agent with respect thereto and not applied against payment of such purchaser's promissory note.

7.5 During the period in which the shares of Stock shall be held in escrow, the purchaser shall not take any action to increase the authorized or issued Stock of the Corporation, to mortgage, pledge or hypothecate all or substantially all of the assets of the Corporation (other than a refinancing of any mortgage covering Property owned by the Corporation), to merge or consolidate with any other corporation or take any action whatsoever that will materially or adversely reduce the rights, powers, privileges and equity interests represented by the shares of Stock held in escrow.

8. Management of the Corporation and Voting.

8.1 During the term of this Agreement, the Shareholders shall vote their Stock to provide for the following:

(a) The election and maintenance in office of Bong Y. Yu, May W. Yu, Raymond H. Yu and Catherine L. Yu as the directors of the Corporation; and

(b) The election and maintenance in office as officers of the Corporation of the following individuals in the following respective offices:

<u>Name</u>	<u>Office</u>
Raymond H. Yu	President
Bong Y. Yu	Vice President
Catherine L. Yu	Secretary
May W. Yu	Treasurer

8.2 At the first meeting of Shareholders to be held on or after the date hereof, this Agreement shall be submitted to the meeting and a resolution shall be adopted whereby the Corporation shall accept, ratify, and confirm this Agreement and agree to be bound hereby. Any and all by-laws of the Corporation shall conform to the provisions of this Agreement and shall not be in conflict therewith; if any conflict exists or arises hereafter, the provisions of this Agreement shall control and be binding.

9. Bank Accounts. The Corporation shall maintain one or more bank accounts. Any check drawn on said accounts in an amount in excess of ten thousand (\$10,000.00) dollars shall require the joint signatures of the President and any other officer of the Corporation.

10. Adoption of New By-Laws. Effective as of the date of this Agreement, the Shareholders hereby adopt the by-laws annexed hereto as Exhibit A (hereinafter, the "New By-Laws") as the new by-laws of the Corporation. The New By-Laws shall supersede the original by-laws of the Corporation in all respects.

11. Authority. Any contract, agreement, note or other evidence of indebtedness, assignment, deed, lease, loan agreement, mortgage or other security instrument or arrangement and all other documents of which the Corporation is a party shall require the signature of the President.

12. Legend on Stock Certificates. The following statements shall be inscribed on the face or back of all certificates representing shares of Stock with respect to the shares represented by such certificates:

"The shares represented by this certificate are subject to restrictions on transfer contained in that certain Shareholders' Agreement, dated as of the 1<sup>st</sup> day of January, 2000, a copy of which is on file at the principal office of the Corporation, and any transfer of shares represented by this certificate, or any interest therein, in violation of said Agreement, shall be invalid."

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, or any applicable state securities laws, and cannot be sold, transferred or otherwise disposed of to any person or entity unless subsequently registered thereunder or unless an applicable exemption therefrom is available."

13. Specific Performance. Since the Stock cannot be readily purchased or sold in the open market, the Shareholders and the Corporation may be irreparably harmed and damaged if this Agreement is not specifically enforced. If any dispute shall arise concerning the sale or disposition of any Stock in violation of any of the terms of this Agreement, an injunction, temporary or permanent, without bond, may be issued restraining any such threatened actions pending the determination of such controversy. Such injunction shall be enforceable in a court of competent jurisdiction by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive and shall be in addition to any of the other remedies which the parties may have.

14. Anti-Dilution. If the Corporation shall at any time or from time to time change the outstanding common stock as specified in Section 2 above into a greater number of shares of common stock, then, upon each such change, the total number of outstanding shares of common stock issued as specified in Section 2 hereof shall be multiplied by a fraction, the numerator of which shall be the total number of shares of common stock outstanding immediately subsequent to such change, and the denominator of which shall be the total number of shares of common stock as specified in Section 2 hereof. Such additional shares of common stock shall be delivered to the Shareholders, pro rata to their then stock ownership in the Corporation, without charge.

15. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be sent by United States registered or certified mail, postage prepaid, return receipt requested, or by personal delivery, addressed to a party at the address for such party first set forth above or at such other address as may be designated by written notice hereunder. Notices shall be deemed given three (3) business days after mailing or on the date personal delivery is effected, as the case may be.

16. Waiver. No waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party to be charged with such waiver. No waiver shall be deemed a continuing waiver or waiver in respect of any subsequent breach or default, whether of similar or different nature, unless expressly so stated in writing.
17. Modification. This Agreement may not be orally cancelled, changed, modified or amended, and no cancellation, change, modification or amendment shall be effective or binding, unless in writing and signed by the holders of not less than fifty-one (51%) percent of the outstanding number of shares of Stock.
18. Severability. If any provision of this Agreement is found to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall nevertheless be binding upon the parties with the same effect as though the void or unenforceable part had been severed and deleted.
19. Stricken Words or Phrases. If any words or phrases in this Agreement shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Agreement shall be construed as if the words or phrases so stricken out or otherwise eliminated had never appeared in this Agreement.
20. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to principles of conflict of laws.
21. Entire Agreement. This Agreement, including all other documents referred to herein which form a part hereof, if any, contains the entire understanding of the parties hereto with respect to the subject matter contained herein and therein. This Agreement supersedes all prior agreements and understanding between or among the parties with respect to such subject matter.
22. Future Cooperation. Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.
23. Headings. The section headings contained in this Agreement are for reference purposes only, and shall not affect the meaning or interpretation of this Agreement.
24. Number and Gender. All terms and words used in this Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

25. Legal Representation. The parties hereby acknowledge that this Agreement has been prepared at the request of the parties by the attorneys for the Corporation. Each of the Shareholders has been advised to consult with an independent attorney of such party's own choosing with regard to all matters relating to this Agreement.

26. Binding Effect. The provisions of this Agreement shall extend to, bind and inure to the benefit of each of the parties hereto and such party's respective heirs, personal representatives, successors and permitted assigns, if any.

27. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

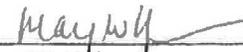
In witness whereof, the parties have executed this Agreement as of the day and year first above written.

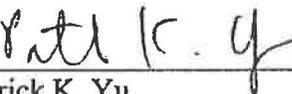
Witness:

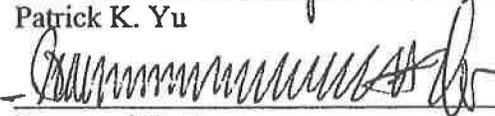
Moklam Enterprises, Inc.

By:   
Raymond H. Yu, President

  
Bong Y. Yu

  
May W. Yu

  
Patrick K. Yu

  
Raymond H. Yu

  
Catherine L. Yu

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