

ORIGINAL



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Attorney or Party Name, Address, Telephone and Fax Number, and CA State Bar No.	FOR COURT USE ONLY
Leonard M. Shulman – Bar No. 126349 Melissa R. Davis – Bar No. 245521 SHULMAN HODGES & BASTIAN LLP 26632 Towne Centre Drive, Suite 300 Foothill Ranch, California 92610 Telephone: (949) 340-3400 Facsimile: (949) 340-3000	<div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>FILED</p> <p>MAY 22 2008</p> <p>CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA BY: <i>[Signature]</i> Deputy Clerk</p> </div>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: THE KIRIN GROUP, Debtors.	CASE NO.: 06:07-bk-14524-DN Chapter 7

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: June 17, 2008	Time: 10:30 a.m.
Location: U.S. Bankruptcy Court, 3420 Twelfth Street, Ctrm. 304, Riverside, CA 92501	

Type of Sale: Public Private Last date to file objections: June 3, 2008

Description of Property to be Sold:

Intellectual Property of the Debtor, including numerous trademarks.

Terms and Conditions of Sale:

1. The Buyer will purchase the Property for the total sum of \$65,000 ("Purchase Price") plus a waiver of any and all liens and claims it holds in the Debtor's Estate. The Buyer will pay the sum of \$65,000 to the Trustee as a deposit concurrently with the execution of an agreement memorializing the transfer of the Property.
2. The Buyer will purchase the Property free and clear of all liens and encumbrances, including but not limited to, the License Agreement, which has been effectively rejected pursuant to 11 U.S.C. § 365(d)(1), with liens not released prior to the transfer, if any, to attach to the proceeds of the sale with the same validity and priority pending further order of the Bankruptcy Court.
3. No payment will be made to any secured creditor from the sale proceeds.
4. The Trustee will sign any and all documents necessary to transfer title to the Property to the Buyer within five (5) days of approval of the sale and upon receipt of the Purchase Price.
5. The sale is subject to approval of the Bankruptcy Court.
6. The sale of the Property is subject to the overbid procedures set forth below.
7. The sale of the Property is sold on an "as is-where is" basis without warranties of any kind, expressed or implied, being given by the Trustee concerning the condition of the Property or the quality of the title thereto, or any other matters relating to the Property whatsoever.
8. If the Trustee is unable to complete a sale because of unknown defects in the title, or because the liens and encumbrances exceed the amount known to the Trustee, or by being divested of title by the Bankruptcy Court, or because the income tax consequences of the sale are excessive, the Buyer's sole damages shall be limited to a refund of any deposits paid to the Trustee in connection with the sale.
9. The final form of Order approving the sale of the Property shall contain such other terms and conditions as agreed to by the parties in order to effectuate the sale.
10. Any sums owed under the License Agreement before its termination by operation of law will go to the successful bidder. If the Trustee is unable to complete a sale because of unknown defects in the title, or because the liens and encumbrances exceed the amount known to the Trustee, or by being divested of title by the Bankruptcy Court, or because the income tax consequences of the sale are excessive, the Buyer's sole damages shall be limited to a refund of any deposits paid to the Trustee in connection with the sale.
11. The final form of Order approving the sale of the Property shall contain such other terms and conditions as

agreed to by the parties in order to effectuate the sale.

All other parties that have expressed an interest have been provided with notice of the sale and notice of the overbid procedures. The Trustee anticipates that overbids will be received for the purchase of the Property.

NOTICE OF OVERBID PROCEDURES

The Trustee has determined that it would benefit the Estate by permitting all interested parties to receive information and bid for the Property. Accordingly, in order to obtain the highest and best offer for the benefit of the creditors of the Estate, the following overbid procedures ("Bidding Procedures") shall be used:

1. The potential overbidders must bid an initial amount of at least \$400,059, which represents the proposed sale price of \$65,000 plus the waiver of the Buyer's claim of approximately \$330,059 plus an initial overbid of \$5,000.

2. Minimum bid increments thereafter shall be \$1,000.

3. The Buyer shall have the right to credit bid up to the amount of its entire claim of \$333,059.

4. Overbids must be in writing and be received by the Trustee and the Trustee's counsel, Shulman Hodges & Bastian LLP to the attention of Leonard M. Shulman, by no later than June 13, 2008 at 4:00 p.m.

5. Overbids must be accompanied by funds in the form of cash, cashier's check, or wire transfer in the amount of ten percent (10%) of the offered purchase price made payable to "C. Barclay, Trustee" ("Deposit").

6. The overbidder must also provide evidence satisfactory to the Trustee of having sufficient specifically committed funds to complete the transaction or a lending commitment for the bid amount and such other documentation relevant to the bidder's ability to qualify as the purchaser of the Property, close the sale, and immediately and unconditionally pay the winning bid purchase price at closing.

7. The overbidder must seek to acquire the Property on terms and conditions not less favorable to the Debtor's Estate than the terms and conditions to which the Buyer has agreed to purchase the Property.

8. If overbids are timely received, the final bidding round shall be held concurrent with the hearing on this Motion, in order to allow all potential bidders the opportunity to overbid and purchase the Property.

9. At the hearing on this Motion, the Trustee and his counsel shall review each overbid and identify the highest and best offer for the Property received and seek Court approval of the sale of the Property to the successful bidder ("Successful Bidder").

10. In the event Successful Bidder fails to close on the sale of the Property within the time parameters approved by this Court, the Trustee shall retain the Successful Bidder's Deposit and will be released from his obligation to sell the Property to the Successful Bidder and the Trustee may then sell the Property to the first back-up bidder approved by this Court at the hearing on this Motion ("First Back-Up Bidder").

11. In the event First Back-Up Bidder fails to close on the sale of the Property within the time parameters approved by this Court, the Trustee shall retain the First Back-Up Bidder's Deposit and will be released from his obligation to sell the Property to the First Back-Up Bidder and the Trustee may then sell the Property to the second back-up bidder approved by this Court at the hearing on this Motion ("Second Back-Up Bidder").

12. All deposits shall be refunded within fifteen (15) days of the final bidding round which shall take place concurrent with the hearing on this Motion, in the event that the party is outbid.

The foregoing Bidding Procedures will provide for an orderly completion of the sale of the Property and ensures that potential overbidders are provided with full disclosure as to the Bidding Procedures and the specific items to be sold. By having all bidders compete on similar terms, the interested parties and the Court may compare competing bids in order to realize the highest benefit for the Estate. Thus, the Trustee is requesting that the Court approve the Bidding Procedures as a fair and reasonable method of realizing the highest and best price for the Property for the benefit of the Estate and its creditors.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Date of Sale: June 17, 2008, 10:30 A.M.

U.S. Bankruptcy Court, 3420 Twelfth Street, Courtroom 302 Riverside, Ca 92501

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e-mail address):

Leonard M. Shulman, Esq. /Melissa R. Davis, Esq.

Shulman Hodges & Bastian LLP

26632 Towne Centre Drive, Suite 300, Foothill Ranch, CA 92610

Telephone: (949) 340-3400; Facsimile: (949) 340-3000; Email: mdavis@shblp.com

Date: May 19, 2008

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the City of Foothill Ranch, County of Orange, State of California. I am over the age of 18 years and not a party to the within action. My business address is 26632 Towne Centre Drive, Suite 300, Foothill Ranch, California 92610.

On May 19, 2008, I served the documents named below on the parties in this Action as follows:

DOCUMENT(S) SERVED: **NOTICE OF SALE OF ESTATE PROPERTY**

SERVED UPON: **SEE THE ATTACHED SERVICE LIST**

[X] **(BY MAIL)** I caused each such envelope, with postage thereon fully prepaid, to be placed in the United States mail at Foothill Ranch, California. I am readily familiar with the practice of Shulman Hodges & Bastian LLP for collection and processing of correspondence for mailing, said practice being that in the ordinary course of business, mail is deposited in the United States Postal Service the same day as it is placed for collection. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after deposit for mailing in affidavit.

[X] **(FEDERAL)** I declare that I am employed in the office of a member of the bar of this court, at whose direction this service was made. I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 19, 2008, at Foothill Ranch, California.



Tammy Alaniz

SERVICE LIST

DEBTOR
THE KIRIN GROUP
915 HALEY TALBERT DRIVE
CORONA, CA 92881

US TRUSTEE
UNITED STATES TRUSTEE (RS)
ELIZABETH A LOSSING
3685 MAIN STREET, SUITE 300
RIVERSIDE, CA 92501

SCH. F NOTICE
HERMAN CHAN
THE KIRIN GROUP
915 HALEY TALBERT DRIVE
CORONA, CA 92881

RECEIVER
MARCUS J. WOODS
2691 POINT DEL MAR
CORONA DEL MAR, CA 92625

CREDITOR
WILLIAM B. HANLEY
LAW OFFICE OF WILLIAM B. HANLEY
4675 MACARTHUR COURT, SUITE 1200
NEWPORT BEACH, CA 92660

COUNSEL FOR DEBTOR
ANDREW K MAUTHE
P O BOX 51147
IRVINE, CA 92810-1147

SCH. F NOTICE
F NOA CORPORATION
C/O MICHAEL D. MCCAFFREY, ESQ.
2030 MAIN STREET, #1200
IRVINE, CA 92614-7256

SCH. F NOTICE
LYNN CHAN
THE KIRIN GROUP
915 HALEY TALBERT DRIVE
CORONA, CA 92881

PROPOSED BUYER
PARLOUR ENTERPRISES, INC.
C/O ROBERT HADLOCK, ESQ.
SMITH, CHAPMAN, CAMPBELL
1800 N. BROADWAY, SUITE 200
SANTA ANA, CA 92706

CREDITOR
STEVE CHEN
915 HALEY TALBERT DR
CORONA, CA 92881

TRUSTEE
CHRISTOPHER R BARCLAY
PO BOX 26099
SANTA ANA, CA 92799

GERALD N. SHELLEY
A LAW CORPORATION
650 TOWN CENTER DRIVE, SUITE 550
COSTA MESA, CA 92626

SCH. F NOTICE
MAKI KURODA
C/O MICHAEL D. MCCAFFREY, ESQ.
2030 MAIN STREET, SUITE 1200
IRVINE, CA 92614-7256

PROPOSED BUYER BY ITS REGISTERED AGENT
PAUL KRAMER
17 NEW CHARDON
LAGUNA NIGUEL, CA 92677

CREDITOR
FRANCHISE TAX BOARD
SPECIAL PROCEDURES
P.O. BOX 2952
SACRAMENTO, CA 95812-2952