

DATED 3 November 2006

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**(1) COLPO MERCANTILE INC.**  
as Chargor

- and -

**(2) SUEN SUET NGO**  
as Lender

**(3) CHINA INVESTMENT FUND COMPANY LIMITED**  
as Lender

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**DEED OF CHARGE AND ASSIGNMENT**  
**IN RELATION TO SECURITIES**

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Ref: MML.CKM.2841-001

I, the undersigned, do hereby certify  
that I have examined the foregoing  
documents with its original/certified copy  
and that the same is a true and complete  
copy thereof,  
Dated

16 NOV 2006

  
**MOK KAM SHEUNG**  
Solicitor, Hong Kong SAR  
DIBB LUPTON ALSOP

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**THIS DEED** is made on 3 November 2006

**BETWEEN**

- (1) **COLPO MERCANTILE INC.**, a company incorporated under the laws of the British Virgin Islands whose registered office is situate at Portcullis TrustNet (BVI) Limited, Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands (the "**Chargor**");
- (2) **SUEN SUET NGO**, holder of Hong Kong Identity Card No. P079399(3), of Suite 2610, 26/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong ("**Ms Suen**"); and
- (3) **CHINA INVESTMENT FUND COMPANY LIMITED**, a company incorporated under the laws of the Cayman Islands whose registered office is situate at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies and having a place of business in Hong Kong at 4/F, Aon China Building, 29 Queen's Road Central, Central, Hong Kong ("**CIF**", together with Ms Suen, the "**Lenders**").

**WHEREAS:**

- (A) By the loan agreement of even date (the "**Loan Agreement**") made between CHAN WING HIM KENNY (the "**Borrower**") as borrower and the Lenders, the Lenders have agreed, upon the terms and subject to the conditions of the Loan Agreement, to make available to the Borrower a loan facility in an aggregate sum of HK\$12,000,000 (as to HK\$7,500,000 from Ms Suen and as to HK\$4,500,000 from CIF) (the "**Facility**") for the purposes more particularly specified therein.
- (B) It is a condition precedent to the Lenders making the Facility available to the Borrower that the Chargor shall have executed and delivered this Deed to the Lenders.

**NOW THIS DEED WITNESSES** as follows:-

**1. DEFINITIONS AND CONSTRUCTION**

**1.1 Terms Defined**

In this Deed, unless the context requires otherwise, terms used shall have the meanings defined in the Loan Agreement and:-



"CCASS" means the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Limited for the clearing and settlement of securities in Hong Kong, as that system may be modified or replaced from time to time.

"Charged Assets" means the Charged Securities and the Rights.

"Charged Securities" has the meaning given to it in Clause 2.1.

"Charged Shares" means 235,530,000 ordinary shares of HK\$0.01 each in, representing 59.45% of the issued share capital of the Company as at the date hereof to be beneficially owned by the Chargor after transfer of the said 235,530,000 ordinary shares to the Chargor upon completion of the Acquisition or 59.45% of the issued share capital of the Company from time to time (as the case may be), charged by the Chargor hereunder registered in the name of the Chargor.

"Clearing System" means CCASS, and includes any depository or custodian therefor and any other person whose business is or includes the provision of clearing services or the provision of security accounts or any nominee or depository for such person.

"Company" means Sys Solutions Holdings Limited, a company incorporated in the Cayman Islands whose shares are publicly listed on the Growth Enterprise Market of the Stock Exchange.

"Custodian" means CCASS, and any sub-custodian or nominee for CCASS, as may be in possession of or treated or registered as being entitled to the Charged Securities.

"Further Charged Securities" has the meaning given to it in Clause 2.2.

"Receiver" means any receiver, manager, receiver and manager or other similar officer appointed by the Lenders in respect of the security hereby granted.

"Related Assets" has the meaning given to it in Clause 2.3.

"Rights" means all the Chargor's respective rights both present and future against any Custodian or Clearing System with respect to any of the Charged Securities including, without limitation, any rights which the Chargor may have to require delivery to it of the Charged Securities or any securities equivalent to or representing the Charged Securities, all rights (whether contractual or otherwise) against, including rights to

give instructions to, the Custodian or Clearing System with respect to the Charged Securities and all claims for damages and rights to receive monies due or to become due for any reason whatsoever in connection with the Charged Securities.

"**Secured Obligations**" means any and all of the obligations of the Borrower (whether or not for the payment of money, and including any obligation to pay damages for breach of contract) which are or may become owing to the Lenders under or pursuant to the Loan Agreement and/or any Security Document and/or all other obligations hereby secured.

## 1.2 **Clause Headings**

Clause headings and the table of contents are for ease of reference only.

## 1.3 **Construction**

In this Deed, unless the context otherwise requires:

1.3.1 references to Clauses and Schedule are references to the clauses of, and schedule to, this Deed;

1.3.2 reference in a Clause to a sub-clause is a reference to a sub-clause of that Clause;

1.3.3 a reference to the Loan Agreement or any other agreement is to the Loan Agreement or that other agreement as it may be amended, varied or supplemented by the parties thereto from time to time;

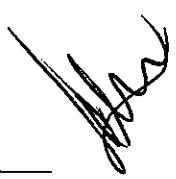
1.3.4 the singular includes the plural; and

1.3.5 references to the "**Chargor**", "**Ms Suen**", "**CIF**" and the "**Lenders**" shall where the context permits include their respective successors and permitted assigns.

## 2. **CHARGE AND ASSIGNMENT**

### 2.1 **Charged Shares**

In consideration of the Lenders agreeing to make the Facility available to the Borrower upon the terms and conditions of the Loan Agreement:



2.1.1 the Chargor as sole beneficial owner hereby charges and assigns absolutely by way of security and agrees to charge and assign absolutely by way of security to the Lenders all the Chargor's present and future right, title, benefit and interest in and to (i) the Charged Shares; (ii) all other securities or assets at any time added to the Security Interest constituted hereunder in accordance with the provisions of Clauses 2.2, 2.3 or 2.4, and (iii) their respective Related Assets (together the "Charged Securities");

and to the extent that the Charged Securities or any of them may hereafter not be held in a Clearing System, the Chargor charges and agrees to charge such Charged Securities or its right, title, benefit and interest therein and thereto to the Lenders by way of first fixed charge;

2.1.2 the Chargor as sole beneficial owner hereby assigns and agrees to assign to the Lenders all the Rights with respect to the Charged Securities by way of security;

and further agrees to hold its right, title and interest in and to the Charged Assets for the Lenders absolutely as a continuing security for the due and punctual payment and performance of the Secured Obligations and the due and punctual discharge of all obligations and liabilities hereby covenanted to be paid or otherwise hereby secured.

## 2.2 Further Charged Securities

The Chargor as sole beneficial owner charges and assigns to the Lenders by way of security all its present or future right, title and interest in and to any further shares, warrants or other securities in the Company constituting up to 10.55% of the issued share capital of the Company as at the date hereof acquired or to be acquired after the date hereof by or on behalf of the Chargor pursuant to the General Offer or up to 10.55% of the issued share capital of the Company from time to time (as the case may be) (the "Further Charged Securities") held or to be held in an account of Ms Suen as agent for the Lenders or Ms Suen's nominee with CCASS as agent for the Lenders or as otherwise directed by the Lenders pursuant to the terms of this Deed and immediately upon the acquisition of the Further Charged Securities by or on behalf of the Chargor, the Further Charged Securities and their Related Assets shall form part of the Charged Securities and shall stand charged and assigned by way of security

upon the terms of this Deed free of any Security Interest except the Security Interest created by this Deed.

### 2.3 **Dividends and Related Assets**

The Chargor hereby declares that, subject as provided in Clause 6, the security hereby created shall extend to and include all stocks, shares, rights, money or property which may have accrued or been offered or may after the date of this Deed accrue or be offered by way of redemption, bonus, preference, exchange, option or as a result of any exercise of any option, warrant, conversion right or any other right, power or privilege or otherwise to or in respect of the Charged Securities and all allotments, accretions, offers, rights, benefits and advantages whatsoever which have accrued, been offered or arisen or may after the date of this Deed accrue, be offered or arise in respect of the same and all dividends, interest and other income at any time paid or payable or otherwise deriving from the Charged Securities or from any investment of any such dividends, interest or other income, any dividends, income, interest, default interest and other sums which are or may become payable to any Custodian, the Chargor or its nominee in its capacity as holder of the Charged Securities and includes (i) the right to receive any and all such sums and all claims in respect of any default in paying such sums; and (ii) all forms of remittance of such sums and any bank or other account to which such sums may be paid or credited (the "**Receipts**") (together the "**Related Assets**") Provided that nothing in this Clause 2.3 shall be construed as placing on the Lenders any liability whatsoever in respect of any of the foregoing.

### 2.4 **Floating Charge**

If and insofar as the Charged Assets or any of the securities or other assets, rights or entitlements defined in Clause 2.1, 2.2 or 2.3 are not capable of being charged by first fixed charge immediately they accrue to the Chargor or arise then they shall be charged to the Lenders by way of first floating charge which shall crystallise into a first legal charge forthwith and automatically upon the creation and issue to or receipt by the Chargor of the relevant Charged Assets.

### 2.5 **Release and Transfer**

2.5.1 The Lenders shall upon payment and discharge in full of all the Secured Obligations discharge and release this Deed and return such of the property

charged pursuant to this Clause 2 as are the subject of such release as shall not have been sold or otherwise applied pursuant to the provisions of this Deed, together with any monies attributable to such of the Charged Assets as are the subject of such release at the time held by the Lenders or its nominee under this Deed.

2.5.2 Notwithstanding any discharge, release or settlement from time to time between the Lenders and the Chargor, if any security, disposition or payment granted or made to the Lenders in respect of the Secured Obligations by the Chargor or any other person is avoided or set aside or ordered to be surrendered, paid away, refunded or reduced by virtue of any provision, law or enactment relating to bankruptcy, insolvency, liquidation, winding-up, composition or arrangement for the time being in force or for any other reason, the Lenders shall be entitled thereafter to enforce this Deed as if no such discharge, release or settlement had occurred.

## 2.6 **No Liability for Calls**

Nothing in this Deed shall be construed as placing on the Lenders any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Charged Assets or any rights, shares or other securities accruing, offered or arising as aforesaid, and the Chargor shall indemnify the Lenders in respect of all calls, instalments or other payments relating to any of the Charged Assets and to any rights, shares and other securities accruing, offering or arising as aforesaid in respect of any of the Charged Assets.

## 2.7 **Performance and Indemnity**

Notwithstanding anything herein to the contrary, the Chargor shall remain liable to perform all the obligations to be performed by it in respect of the Charged Assets and shall discharge fully its obligations thereunder as they become due and the Lenders shall not have any obligation of any kind whatsoever thereunder or be under any liabilities whatsoever in the event of any failure to perform its obligations thereunder and the Chargor hereby indemnifies and agrees to keep indemnified the Lenders from and against any such liability.

## 2.8 **Documents Supporting Security**





In furtherance of the security created under this Deed, the Chargor shall deliver or procure that there shall be delivered to Ms Suen as agent for the Lenders valid and duly issued share certificate(s) in respect of the Charged Shares then held by the Chargor, together with undated duly executed instrument(s) of transfer and bought and sold notes in respect of the Charged Shares.

### **3. REPRESENTATIONS AND WARRANTIES**

#### **3.1 Representations and Warranties**

The Chargor represents and warrants and undertakes with the Lenders that:

- 3.1.1 the Chargor is the sole beneficial owner, and the Clearing System is the legal owner, of the Charged Shares and the Charged Shares are fully paid up and free from any Security Interest other than the Security Interest created hereunder;
- 3.1.2 the Chargor will, on the date on which they are deposited and charged and/or assigned by the Chargor as aforesaid, be the sole beneficial owner, and the Chargor or the Clearing System will be the legal owner, of such of the Further Charged Securities which will be fully paid up and free from any Security Interest, other than the Security Interest created hereunder;
- 3.1.3 the Chargor has the right and title to deposit, charge and transfer the Charged Shares, subject to the Security Interest created by this Deed and the charge of the Charged Shares will not conflict with or result in any breach of any of the terms of, or constitute a default under any instrument to which the Chargor is a party or is subject or by which any of its assets are bound;
- 3.1.4 the Chargor will, on the date on which they are deposited and charged by the Chargor as aforesaid, have the right and title to deposit, charge and transfer, the Further Charged Securities, subject to the Security Interest created hereunder and the charge by the Chargor of the Further Charged Securities will not conflict with or result in any breach of any of the terms of, or constitute a default under any instrument to which the Chargor is a party or is subject or by which any of its assets are bound;
- 3.1.5 subject to this Deed and to applicable terms relative to the Clearing System, the Charged Securities held in any Clearing System are held by the relevant

Custodian on trust for (i) the Chargor absolutely; or (ii) the Lenders under the terms of this Deed;

- 3.1.6 no Security Interest exists over all or any part of the Charged Assets (except as created under or pursuant to this Deed or, solely as a consequence of the Charged Securities being held by the relevant Custodian and not in any way connected with the borrowing of money or the raising of credit, in favour of the relevant Custodian);
- 3.1.7 the Chargor is duly incorporated and validly existing under the laws of the British Virgin Islands and has power to carry on its business as it is now being conducted and to own its property and other assets;
- 3.1.8 it has power to execute, deliver and perform its obligations under this Deed and to create the security expressed to be created under this Deed and all necessary actions have been taken to authorise the execution, delivery and performance of the same and no limitation on its powers will be exceeded as a result of the creation of the security expressed to be created under this Deed;
- 3.1.9 this Deed constitutes valid and legally binding obligations of the Chargor enforceable in accordance with its terms and confers and will confer, as the case may be, a valid Security Interest over the Charged Assets;
- 3.1.10 the execution and delivery of, the performance of its obligations under, and compliance with the provisions of, this Deed by the Chargor will not (i) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which the Chargor is subject; or (ii) result in the creation or imposition of or oblige the Chargor to create any mortgage, charge, pledge or other Security Interest on any of the Chargor's undertaking, assets, rights or revenues; and
- 3.1.11 it will instruct the Financial Adviser or its nominee (i) to purchase or otherwise acquire on the Chargor's behalf any Further Charged Securities pursuant to the General Offer; and (ii) if required by the Chargor to pay all monies and complete all necessary documents and procedures required by the relevant authorities, agents or other bodies in connection with any such Further Charged Securities.

### 3.2 **Continuing Representation and Warranty**

The representations and warranties in Clause 3.1 shall be deemed to be repeated by the Chargor on and as of each Interest Payment Date as if made with reference to the facts and circumstances existing on each such day until all monies due or owing by the Borrower under the Finance Documents have been repaid in full.

## 4. **UNDERTAKINGS**

### 4.1 **Delivery of Documents and Registration of Title to the Charged Securities**

The Chargor undertakes with the Lenders that, at all times during the continuance of this Deed:

4.1.1 the Chargor shall if required by the Lenders deliver to the Lenders or their respective nominees or as the Lenders shall direct forthwith upon the execution of this Deed or forthwith upon such Charged Securities becoming subject to the Security Interest constituted by this Deed whether pursuant to Clause 2.1, 2.2 or 2.4 or otherwise, stock or share certificates or such other documents evidencing rights in respect of the Charged Assets in the name of the Chargor together with if required duly executed transfers in favour of the Lenders or their respective nominees in respect of the Charged Assets and such other documents as the Lenders may from time to time reasonably require for perfecting their title to the Charged Assets and will, after this Deed has become enforceable, if requested by the Lenders, if they have not already done so, cause the Charged Securities to be transferred to and to be registered in the name of the Lenders or their respective nominees or the relevant Custodian (as directed by the Lenders) and will forthwith, if requested by the Lenders cause valid certificates for the Charged Securities to be issued in the name of the Lenders or their respective nominees or the relevant Custodian (as directed by the Lenders) and to be delivered to the Lenders or their respective nominees or the relevant Custodian (as directed by the Lenders);

4.1.2 without limiting the obligations of the Chargor under the other provisions of this Clause 4.1, the Chargor shall forthwith, pursuant to Clause 2.2, if required by the Lenders, deliver to the Lenders or their respective nominees, or procure the delivery to the Lenders or their respective nominees of, stock



or share certificates in respect of any or all of the Further Charged Securities, as the case may be, together with duly completed transfers in blank in respect of such Further Charged Securities, as the case may be, executed by the registered holder and such other documents as the Lenders may from time to time require for perfecting its title to such Further Charged Securities, as the case may be, and will, after this Deed has become enforceable, if required by the Lenders cause the Further Charged Securities, as the case may be, to be transferred to and registered in the name of the Lenders or their respective nominees or any relevant Custodian (as directed by the Lenders) and will forthwith cause valid certificates or other documents of title for the Further Charged Securities, as the case may be, to be issued in the name of the Lenders or their respective nominees or any relevant Custodian (as directed by the Lenders) and to be delivered to the Lenders or their respective nominees or the relevant Custodian (as directed by the Lenders);

- 4.1.3 the Lenders may, after this Deed has become enforceable,, without further notice or consent of any person complete any transfers and present such transfers and/or certificates and/or other documentation for registration of the Charged Assets represented thereby in the name of the Lenders or their respective nominees or any relevant Custodian (as directed by the Lenders) so that registered title to any such Charged Securities shall immediately vest in the Lenders or their respective nominees or any relevant Custodian at the discretion of the Lenders and the Chargor will procure the registration of the Charged Securities or any of them in the name of the Lenders or their respective nominees or the relevant Custodian, as the case may be, in accordance with the terms of this Deed;
- 4.1.4 if so requested by the Lenders, the Chargor shall execute and deliver such further documents and do such further necessary acts and things in order to procure that the Security Interest expressed to be made in this Deed is effective and in order to procure that registration pursuant to this Clause 4.1 is duly effected including all documents, acts or things reasonably required by the Lenders to enable the Charged Securities to be registered and traded in the Clearing System;
- 4.1.5 the Chargor agrees forthwith upon the execution of this Deed or, as the case may be, forthwith upon the relevant Charged Securities becoming subject to

the Security Interest constituted by this Deed, to effect or procure all or any of the following if and as required by the Lenders:

4.1.5.1 the transfer of all or any of the Charged Securities to a segregated account of the relevant Custodian with the relevant Clearing System designated as being held for the Lenders or their respective nominees;

4.1.5.2 the transfer of all or any of the Charged Securities to such account of the Lenders or its nominee with the relevant Clearing System as the Lenders may require to be held as security pursuant to this Deed.

## 4.2 Covenants

The Chargor covenants with the Lenders that at all times during the continuance of this Deed it will:

4.2.1 duly and promptly pay all calls instalments or other payments which may be made or become due in respect of any of the Charged Securities as and when the same from time to time become due and in the event of a default by the Chargor in payment, the Lenders may, if they think fit, make such payments on behalf of the Chargor. Any sums so paid by the Lenders shall be repayable by the Chargor to the Lenders on demand and the payment of such sums shall be secured pursuant to the terms of this Deed;

4.2.2 not create or attempt or agree to create or permit to arise or exist any Security Interest over all or any part of the Charged Assets or any interest therein (except under or pursuant to this Deed or solely as a consequence of the Charged Securities being held by the relevant Custodian and not in any way connected with the borrowing of money or the raising of credit in favour of the relevant Custodian) or otherwise assign, deal with or dispose of all or any part of the Charged Assets or permit the removal of any securities representing the Charged Securities from the relevant Clearing System (except under or pursuant to this Deed);

4.2.3 not grant or agree to grant in favour of any other person any interest in or any option or other rights in respect of any of the Charged Assets;

- 4.2.4 use all reasonable endeavours to ensure that the relevant Custodian does not do any of the acts prohibited in Clauses 4.2.1 and 4.2.2 above in relation to the Charged Securities;
- 4.2.5 at all times remain the sole beneficial owner of the Charged Assets in respect of which it has created or will create a Security Interest hereunder and (in the case of any Charged Securities in registered form) not permit, and use all reasonable endeavours to procure that the relevant Custodian shall not permit, any person other than the Chargor or the Clearing System or the relevant Custodian to be registered as holder thereof (except under or pursuant to this Deed), subject always to the other terms of this Deed;
- 4.2.6 not, without the prior written consent of the Lenders, waive, release, settle, compromise or abandon any claim in respect of the Charged Assets;
- 4.2.7 punctually pay all calls and other payments due in respect of all or any part of the Charged Securities or due to the Custodian;
- 4.2.8 use all reasonable endeavours to take or procure that the relevant Custodian takes all steps which may be necessary or expedient to preserve or protect the interests of the Chargor in the Charged Assets;
- 4.2.9 do or permit to be done, and use all reasonable endeavours to procure that the Custodian does or permits the doing of, every act or thing which the Lenders may from time to time reasonably require for the purpose of enforcing the rights of the Lenders hereunder; and
- 4.2.10 not cause or permit to be done anything which may in any way materially depreciate, jeopardise or otherwise prejudice the value of the Lenders' security hereunder.

## 5. NEW ACCOUNT

If any of the Lenders receives notice (whether actual or otherwise) of any subsequent mortgage, charge, assignment or other Security Interest or other disposition affecting the Charged Securities or any part thereof or interest therein which mortgage, charge, assignment or other Security Interest or disposition has not been previously consented to in writing by the Lenders, the Lenders may open a new account for the Chargor; if the Lenders do not open a new account then unless the Lenders give express written notice to the contrary to the

Chargor it shall nevertheless be treated as if it had done so at the time when it received such notice and as from that time all payments made by or on behalf of the Chargor to the Lenders shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount due from the Chargor to the Lenders at the time when it received notice.

## **6. DIVIDENDS AND VOTING RIGHTS**

The Lenders and the Chargor hereby agree that:

- 6.1 until the security hereby constituted becoming enforceable in accordance with Clause 7.1, all Receipts paid on or in respect of the Charged Securities shall be retained by the Chargor; and
- 6.2 until the security hereby constituted becoming enforceable in accordance with Clause 7.1, the Chargor shall be entitled to exercise all voting and all conditional or preferential rights including exercising any option, warrant, conversion right or any other right power or other privilege attaching to the Charged Securities of the Chargor provided that it shall not exercise such rights in such manner as would be prejudicial to the security constituted hereby or contrary to the terms of this Deed.

## **7. ENFORCEMENT**

### **7.1 Power of Sale**

The security created by this Deed shall become enforceable immediately upon the occurrence of an Event of Default and while it is continuing and at any time thereafter, the Lenders or their respective nominees shall be entitled, without prior notice and whether or not it shall have appointed a Receiver, to exercise the power to sell or otherwise dispose of the whole or any part of the Charged Assets or require the Custodian to do so and:

- 7.1.1 the Lenders or their respective nominees shall be entitled to retain and apply as though they were proceeds of sale in accordance with Clause 9 all dividends, interest, Receipts or other payment received in respect of the Charged Securities;
- 7.1.2 the Lenders or their respective nominees may exercise, at the discretion of the Lenders and without any further consent or authority of the Chargor, the

voting rights and all powers given to the trustee by Sections 11(4) and (5) of the Trustee Ordinance Chapter 29 of the Laws of Hong Kong; and any powers or rights (including, without limitation, voting and all conditional or preferential rights and all options, warrants, conversion rights or any other rights powers or privileges) which may be exercisable by the person in whose name the Charged Securities or any of them are registered; and

7.1.3 the Lenders shall be entitled to require the Chargor and/or the Custodian to take any action it thinks desirable and/or exercise any of the Rights and/or procure the transfer of the Rights and/or the Charged Securities to itself or any nominee and take any other action required to facilitate the realisation and disposal of any of the Charged Assets.

## 7.2 **Exclusion of Limitations**

No restrictions imposed by any ordinance or other statutory provision or any other laws of any other jurisdiction in relation to the exercise of any power of sale or consolidation, including without limitation paragraph 11 of the Fourth Schedule to the Conveyancing and Property Ordinance, Chapter 219 of the Laws of Hong Kong, shall apply to this Deed or to any Security Interest given to the Lenders pursuant hereto.

## 7.3 **Appointment and Powers of Receiver**

7.3.1 At any time after the security hereby created has become enforceable, or if requested by the Chargor, the Lenders may in writing either under seal or under the hand of a duly authorised officer of each of the Lenders, appoint any person or persons to be a Receiver of the Charged Assets and may from time to time fix his or their remunerations and may remove any Receiver so appointed and appoint another in his place. Where more than one Receiver is so appointed, any reference in this Deed to a Receiver shall apply to both or all of the Receivers so appointed and the appointment shall be deemed to be a joint and several appointment so that the rights, powers, duties and discretions vested in the Receiver may be exercised jointly by the Receivers so appointed or severally by each of them.

7.3.2 The Receiver shall be the agent of the Chargor and the Chargor shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and the Receiver shall have all the powers conferred from time



to time on mortgagees or receivers by law or otherwise (but without the restrictions imposed by any ordinance or other statutory provision in relation to the exercise of any power of sale or consolidation) and power on behalf and at the cost of the Chargor (notwithstanding any liquidation of the Chargor) to do or omit to do anything which the Chargor could do or omit to do in relation to the Charged Securities or any part thereof.

7.3.3 The Receiver shall in the exercise of the Receiver's powers, authorities and discretions conform to the directions and regulations from time to time given or made by the Lenders.

#### 7.4 **Evidence of Debt**

Any statement of account signed as correct by the Lenders showing any amount due under the Loan Agreement or under this Deed shall be prima facie evidence of the amount so due.

#### 7.5 **Sale of Charged Assets**

Each of the Lenders, their respective nominees and the Receiver shall be entitled to exercise such power of sale in such manner and at such time or times and for such consideration (whether payable immediately or by instalments) as it shall in its absolute discretion think fit (whether by private sale or otherwise) and so that the Charged Securities (or any relevant part thereof) may be sold (i) subject to any conditions which the Lenders or the Receiver may think fit to impose; (ii) to any person (including, without limitation, any person connected with either the Chargor or the Lenders); and (iii) at any price which the Lenders or the Receiver in its absolute discretion, considers to be the best obtainable in the circumstances.

#### 7.6 **Purchaser Not Bound to Enquire**

Each of the Lenders and the Receiver is authorised to give a good discharge for any monies received by it pursuant to the exercise of its power of sale and no purchaser or other person shall be bound to enquire whether the power of sale has arisen as herein provided nor be concerned with notice to the contrary nor with the manner of application of the proceeds of sale.

### 8. **CONTINUING AND INDEPENDENT SECURITY**



**8.1 Continuing Security**

This Deed and the security hereby created shall remain in full force and effect by way of a continuing security notwithstanding the insolvency or liquidation or any incapacity or change in the constitution or status of the Chargor or any other person and in particular but without limitation shall not be, nor be considered as, satisfied by any intermediate discharge or payment on account of any liabilities or any settlement of accounts between the Chargor and the Lenders.

**8.2 Additional Security**

This Deed and the security hereby created shall be in addition to and not in substitution for or derogation of any other security (whether given by the Chargor or otherwise) now or from time to time hereafter held by the Lenders in respect of or in connection with the Secured Obligations.

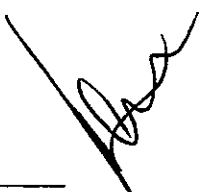
**8.3 Unrestricted Enforcement**

The Lenders are not required to, before exercising any of the rights, powers or remedies conferred upon it by this Deed or by law, (i) take action or obtain judgment in any court against the Chargor or any other person; (ii) make or file any claim or prove in a winding-up or liquidation of the Chargor or of any other person; or (iii) enforce or seek to enforce the recovery of the monies and liabilities hereby secured by any other security.

**8.4 No Discharge**

Neither the liabilities of the Chargor under this Deed nor the validity or enforceability of this Deed shall be prejudiced, affected or discharged by:

- 8.4.1 the granting of any time or indulgence to the Borrower or any other person;
- 8.4.2 any variation or modification of any of the Finance Documents or any other documents referred to therein or related thereto;
- 8.4.3 the invalidity or unenforceability of any obligation or liability of any party under any of the Finance Documents or any other documents referred to therein or related thereto;



- 8.4.4 any invalidity or irregularity in the execution of any of the Finance Documents or any other documents referred to therein or relating thereto;
- 8.4.5 any lack of capacity or deficiency in the powers of the Borrower or any other person to enter into or perform any of its/his obligations under any of the Finance Documents to which it/he is party or any other documents referred to therein or related thereto or any irregularity in the exercise thereof or any lack of authority by any person purporting to act on behalf of the Borrower or any other person;
- 8.4.6 the insolvency, bankruptcy or liquidation or any incapacity, disability, death or limitation or any change in the constitution or status of the Borrower or any other person;
- 8.4.7 any Finance Document, Security Interest or other security or right or remedy being or becoming held by or available to the Lenders or any other person or by any of the same being or becoming wholly or partly void, voidable or unenforceable or impaired or by the Lenders at any time releasing, refraining from enforcing, varying or in any other way dealing with any of the same or by any power, right or remedy the Lenders may now or hereafter have from or against the Borrower or any other person;
- 8.4.8 any waiver, exercise, omission to exercise, compromise, renewal or release of any rights against the Borrower or any other person or any compromise, arrangement or settlement with any of the same; or
- 8.4.9 any act, omission, event or circumstance which would or may but for this provision operate to prejudice, affect or discharge this Deed or the liability of the Chargor hereunder.

## 9. APPLICATION OF PROCEEDS

All monies received by the Lenders, their respective nominees or the Receiver hereunder shall be applied in or towards satisfaction of the Secured Obligations in such order of priority as the Lenders in their absolute discretion may determine (subject to the prior discharge of all liabilities having priority thereto by law) and subject to any such determination in the following order of priority:



- 9.1 in payment or satisfaction of all costs, charges, expenses and liabilities incurred and payments made by or on behalf of the Lenders, their respective nominees or the Receiver in connection with the exercise of any powers hereunder and in preserving or attempting to preserve this security or the Charged Securities and of all outgoings paid by the Lenders, their respective nominees or the Receiver;
- 9.2 in payment to the Receiver of all remuneration as may be agreed between it and the Lenders to be paid to it at, or at any time after, its appointment; and
- 9.3 in or towards reduction of the Secured Obligations in such manner as the Lenders shall determine.

## 10. INDEMNITY, COSTS AND TAXES

### 10.1 General Indemnity

The Chargor shall indemnify and keep indemnified the Lenders, their respective nominees and the Receiver and each of them from and against all losses, liabilities, damages, costs, charges and expenses which the Lenders, their respective nominees or the Receiver shall reasonably incur in connection with the exercise of any powers conferred by this Deed or the perfection, preservation or enforcement of the security created by this Deed and against all actions, proceedings, claims, demands, costs, charges and expenses which may be incurred, sustained or arise in respect of the non-performance or non-observance of any of the undertakings and agreements on the part of the Chargor herein contained or in respect of any matter or thing done or omitted relating in any way whatsoever to the Charged Assets.

### 10.2 Currency Indemnity

If an amount due to the Lenders or the Receiver from the Chargor in one currency (the "**first currency**") is received by the Receiver or the Lenders in another currency (the "**second currency**"), the Chargor's obligations to the Receiver or the Lenders in respect of such amount shall only be discharged to the extent that the Lenders or the Receiver may purchase the first currency with the second currency in accordance with its normal banking practice. If the amount of the first currency which may be so purchased (after deducting any costs of exchange and any other related costs) is less than the amount so due, the Chargor shall indemnify the Receiver or the Lenders against the shortfall.

### 10.3 **Payment and Security**

The Lenders or the Receiver may retain and pay out of any money in the hands of the Lenders or the Receiver all sums necessary to effect the indemnity contained in this Clause and all sums payable by the Chargor under this Clause shall form part of the monies hereby secured.

### 10.4 **Taxes and Other Deductions**

10.4.1 All payments to be made by the Chargor under this Deed shall be made in full in immediately available funds without any set-off or counterclaim whatsoever, free and clear of any taxes, deductions or withholdings.

10.4.2 If at any time either the Chargor, the Custodian or any other person is required to make any deduction or withholding in respect of taxes or otherwise from any payment due under this Deed for the account of the Lenders, the sum due from the Chargor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lenders receive on the due date for such payment (and retains, free from and clear of any taxes or otherwise) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the Chargor shall indemnify the Lenders against any losses or costs incurred by the Lenders by reason of any failure of the Chargor to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Chargor shall promptly deliver to the Lenders any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.

### 10.5 **Costs, Charges and Expenses**

The Chargor shall from time to time forthwith on demand pay to or reimburse the Lenders and any Receiver for:

10.5.1 all costs, charges and expenses (including legal and other fees) reasonably incurred by the Custodian and/or the Clearing System and/or the Lenders and/or the Receiver in connection with the preparation, execution and registration of this Deed and any other documents required in connection

herewith and all costs charges and expenses (including legal and other fees) on a full indemnity basis in exercising any of its or their rights or powers hereunder or in suing for or seeking to recover any sums due hereunder or otherwise preserving or enforcing its or their rights hereunder or in connection with the preservation or attempted preservation of the Charged Securities or in defending any claims brought against it or them in respect of this Deed or in releasing or re-assigning this Deed upon payment of all monies hereby secured; and

10.5.2 all remuneration payable to the Receiver;

and until payment of the same in full, all such costs, charges, expenses and remuneration shall be secured by this Deed.

## **11. SUSPENSE ACCOUNT**

The Lenders may place and keep any monies received under this Deed, before or after the insolvency of the Chargor, to the credit of a suspense account in order to preserve the rights of the Lenders to sue or prove for the whole amount in respect of claims against the Chargor or any other person.

## **12. SET-OFF**

The Chargor agrees that the Lenders may at any time without notice (without prejudice to any general lender's lien, right of set-off or any other right to which it may be entitled) notwithstanding any settlement of account or other matter whatsoever, combine or consolidate all or any obligation the Lenders owe to the Chargor in whatever currency and set-off any sum in respect of such obligation in or towards satisfaction of the Secured Obligations and the Lenders are authorised to purchase with the monies standing to the credit of any such account such other currencies as may be necessary for this purpose.

## **13. POWER OF ATTORNEY**

### **13.1 Power of Attorney**

The Chargor hereby irrevocably appoints the Lenders, the Receiver and any person deriving title under either of them by way of security jointly and severally to be its attorney (with full power of substitution) and in its name or otherwise on its behalf and as its act and deed to sign, seal, execute, deliver, perfect and do all deeds,



instruments, acts and things which may be required or which the Lenders or the Receiver or such person shall think proper or expedient for carrying out any obligations imposed on the Chargor hereunder or for exercising any of the powers conferred by this Deed or for giving to the Lenders and the Receiver or such person the full benefit of this security and so that this appointment shall operate to authorise the Lenders and the Receiver or such person to do on behalf of the Chargor anything it can lawfully do by an attorney, provided that the power conferred under this Clause shall not become exercisable unless and until this Deed has become enforceable. The Chargor hereby ratifies and confirms and agrees to ratify and confirm any deed, instrument, act or thing which such attorney or substitute may execute or do.

**13.2 Delegation**

The Lenders and the Receiver may delegate to any person all or any of the rights or powers conferred on it by this Deed or by law.

**14. FURTHER ASSURANCE**

The Chargor agrees that at any time and from time to time upon the request of the Lenders it will promptly and duly execute and deliver any and all such further instruments and documents as the Lenders may in their reasonable opinion deem necessary for the purpose of obtaining the full benefit of this Deed and of the rights and powers herein granted.

**15. WAIVERS, REMEDIES, SEVERABILITY, ASSIGNMENT AND COUNTERPARTS**

**15.1 Waivers**

Time shall be of the essence under this Deed but no failure or delay on the part of the Receiver, the Lenders or any of them to exercise any power, right or remedy under this Deed shall operate as a waiver thereof, nor shall any single or partial exercise by the Receiver, the Lenders or any of them of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy.

**15.2 Amendment**

Any amendment of any provision of this Deed and any waiver of any default under this Deed shall only be effective if made in writing and signed by the Chargor and the Lenders.

**15.3 Remedies**



The remedies provided in this Deed are cumulative and are not exclusive of any remedies provided by law.

**15.4 Severability**

If any provision of this Deed is prohibited or unenforceable in any jurisdiction such prohibition or unenforceability shall not invalidate the remaining provisions hereof or affect the validity or enforceability of such provision in any other jurisdiction.

**15.5 Assignment and Transfer**

The Lenders may, with the prior written consent of the Chargor, transfer whether by way of novation, assignment or participation all or any of its rights and/or obligations under this Deed. The Chargor shall not assign and/or transfer any of its rights and/or obligations hereunder unless with the prior written consent of the Lenders.

**15.6 Counterparts**

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Deed by signing any such counterpart.

**16. NOTICES**

**16.1 Notices**

Any notice or communication under or in connection with this Deed shall be in writing and shall be delivered personally or by prepaid registered letter or facsimile transmission to the addresses set out below or at such other address as the recipient may have notified to the other party in writing. Proof of posting or despatch of any notice or communication to any party hereto shall be deemed to be proof of receipt:

16.1.1 in the case of a letter, on the fifth Business Day after posting if airmail or second Business Day if local mail;

16.1.2 in the case of a facsimile transmission, on the Business Day immediately following the date of despatch with confirmed facsimile report.

**16.2 Addresses**





Notices or communications shall be sent to the following addresses:

To the Chargor:

Address care of Unit C, 21/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong

Fax: 2510 9662

Attention: Mr Chan Man Ching

To Ms Suen:

Address Suite 2705, 27/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong

Fax: 2519 6629

Attention: Ms Suen Suet Ngo

To CIF:

Address 4/F, Aon China Building, 29 Queen's Road Central, Central, Hong Kong

Fax: 2200 7676

Attention: Ms Letty Wan and Mr Sannio Ng

### 16.3 Language

Each notice or document referred to herein or to be delivered hereunder shall be in the English language.

## 17. GOVERNING LAW AND JURISDICTION

### 17.1 Governing Law

This Deed shall be governed by and construed in accordance with the laws of Hong Kong.

### 17.2 Submission to Jurisdiction



Each of the Chargor and the Lenders irrevocably agrees that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed and that, accordingly, any legal action or proceedings arising out of or in connection with this Deed ("**Proceedings**") may be brought in those courts and each of the Chargor and the Lenders irrevocably submits to the jurisdiction of those courts.

**17.3 Other Jurisdictions**

Nothing in this Clause shall limit the right of any party hereto to take proceedings against the other party in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude any party hereto from taking Proceedings in any other jurisdiction, whether concurrently or not.

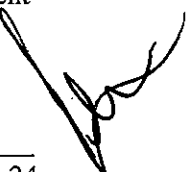
**17.4 Waiver of Inconvenient Forum**

Each of the Chargor and the Lenders irrevocably waives any objection which it may at any time have to the laying of the venue of any Proceedings in any court referred to in this Clause and any claim that any such Proceedings have been brought in an inconvenient forum.

**17.5 Process Agent**

17.5.1 The Chargor irrevocably appoints Mr Chan Man Ching care of Unit C, 21/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong to receive, for it and on its behalf, service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to the process agent (whether or not it is forwarded to and received by the Chargor). If for any reason the process agent ceases to be able to act as such or no longer has an address in Hong Kong, the Chargor irrevocably agrees to appoint a substitute process agent acceptable to the other parties and to deliver to the other parties a copy of the new agent's acceptance of that appointment, within 30 days.

17.5.2 CIF irrevocably appoints Ms Letty Wan of 4/F, Aon China Building, 29 Queen's Road Central, Central, Hong Kong to receive, for it and on its behalf, service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to the process agent (whether or not it is forwarded to and received by CIF). If for any reason the process agent



ceases to be able to act as such or no longer has an address in Hong Kong, CIF irrevocably agrees to appoint a substitute process agent acceptable to the other parties and to deliver to the other parties a copy of the new agent's acceptance of that appointment, within 30 days.

**17.6 Service**

Each of the Chargor and the Lenders irrevocably consents to any process in any Proceedings anywhere being served by mailing a copy by post in accordance with Clause 16. Nothing shall affect the right to serve any process in any other manner permitted by law.

**18. LEGAL REPRESENTATION**

Each of the Lenders hereby acknowledges that Dibb Lupton Alsop of 41st Floor, Bank of China Tower, 1 Garden Road, Hong Kong are the legal advisers to the Chargor and each of the Lenders has been advised to obtain, and has obtained or has had the opportunity to obtain, independent legal advice on this Deed, the Loan Agreement and the transaction contemplated hereby or thereby. Each of the Lenders further declares that it or she has not placed any reliance upon any advice, opinion or representation of Dibb Lupton Alsop or any of its employees or agents in entering into this Deed, the Loan Agreement and the transaction contemplated hereby or thereby.

**IN WITNESS** whereof this Deed has been executed by the parties hereto and is intended to be and is hereby delivered by the Chargor as its deed on the day and year first above written.

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EXECUTION PAGE

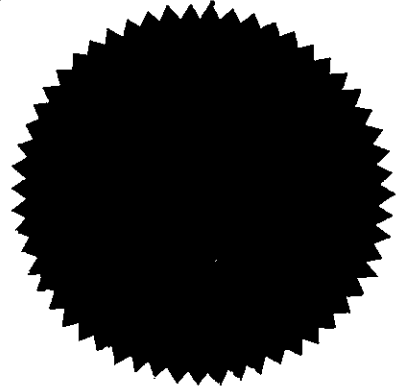
**THE CHARGOR**

THE COMMON SEAL OF COLPO )  
MERCANTILE INC. was hereunto affixed )  
in the presence of: )

*Mok Kam Sheung*

**MOK KAM SHEUNG**  
Solicitor, Hong Kong SAR  
DIBB LUPTON ALSOP

*[Handwritten signature]*



**THE LENDERS**

SIGNED by SUEN SUET NGO )  
in the presence of: *Chiu Sui Keung* )

*[Handwritten signature]*

SIGNED by Ng Hon Cheung, Sannio and Wan )  
Ho Yan, Letty )  
for and on behalf of )  
CHINA INVESTMENT FUND COMPANY )  
LIMITED )  
in the presence of: )

*[Handwritten signature]*