

DATED 12th May 2006

HAYWOOD INVESTMENTS LIMITED

AND

XIYANG INTERENATIONAL LIMITED

AND

ZHOU CHAO
(周超)

NOVATION DEED

MASON CHING & ASSOCIATES
Lawyers
1803, 18th Floor, World-Wide House
19 Des Vocux Road, Central, Hong Kong

MC/060132/st

THIS DEED is made on the 12th day of May, 2006

BETWEEN :-

- (1) **HAYWOOD INVESTMENTS LIMITED**, a company incorporated in the Cayman Islands whose registered office is situate at Uglan House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands (the "**Company**");
- (2) **XIYANG INTERNATIONAL LIMITED**, a company incorporated in Hong Kong, whose registered office is at Suite 2206, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong ("**Xiyang**"); and
- (3) **ZHOU CHAO (周超)**, holder of Hong Kong Identity Card no. R400701(7) of Flat A, 29/F, South Tower 2, Residence Bel-Air, Island South, 38 Bel-Air Avenue, Hong Kong ("**Mr. Zhou**").

WHEREAS :-

- (A) By an Underwriting Agreement dated 7th April 2006 as amended by a Supplemental Underwriting Agreement dated 18th April 2006 entered into between the Company and Xiyang (collectively the "**Underwriting Agreement**"), Xiyang agreed to underwrite the issue of the Offer Shares by the Company by the Open Offer on the terms and subject to the conditions set out therein.
- (B) Mr. Zhou is the majority shareholder of Xiyang and owns 90% of the shareholding of Xiyang.
- (C) The parties hercof have agreed that Mr. Zhou shall novate Xiyang in respect of the Underwriting Agreement to the intent that Xiyang will be released and discharged from the Underwriting Agreement and Mr. Zhou will undertake to perform the Underwriting Agreement and to be bound by the terms thereof in place of Xiyang, and Xiyang will transfer its rights, benefits and all other interests in or under the Underwriting Agreement to Mr. Zhou and Mr. Zhou is agreeable to accept such rights, benefits and other interests, in accordance with the terms hereunder.

NOW THIS DEED WITNESSES as follows:

1. **DEFINITIONS AND INTERPRETATION**

In this Agreement, where the context so admits, capitalised terms used herein shall have the same meanings as defined in the Underwriting Agreement.

2. **UNDERTAKING OF MR. ZHOU**

Subject Clause 5, Mr. Zhou undertakes to perform the Underwriting Agreement and to be bound by the terms thereof in every way as if Mr. Zhou were an original party to

the Underwriting Agreement in lieu of Xiyang as the Underwriter with effect from the effective date of the Underwriting Agreement and all reference to the Underwriter shall be deemed to refer to Mr. Zhou.

3. **RELEASE OF XIYANG**

Subject to Clause 5, the Company releases and discharges Xiyang from all claims and demands whatever in respect of the Underwriting Agreement and accepts the liability of Mr. Zhou under the Underwriting Agreement in lieu of the liability of Xiyang and agrees to be bound by the terms of the Underwriting Agreement in every way as if Mr. Zhou were named in the Underwriting Agreement as a party in place of Xiyang with effect from the effective date of the Underwriting Agreement.

4. **TRANSFER OF RIGHTS, BENEFITS AND ALL OTHER INTERESTS**

Subject to Clause 5, Xiyang hereby assigns unto Mr. Zhou all its rights, benefits and all other interests in or under the Underwriting Agreement TO HOLD the same unto Mr. Zhou absolutely with effect from the effective date of the Underwriting Agreement.

5. **EXCEPTIONS**

The above Clauses 2, 3 and 4 are subject to the following exceptions :-

- (a) The following defined term shall be added to the definition of the Underwriting Agreement :-

“Xiyang” Xiyang International Limited, a company incorporated in Hong Kong, 90% shareholding of which is owned by the Underwriter;

- (b) The definition of “Underwritten Shares” in the Underwriting Agreement shall be amended by replacing the wordings “other than the Offer Shares to be taken up by the Underwriter” with the wordings “other than the Offer Shares to be taken up by Xiyang”;
- (c) The undertakings as set out in clause 5 of the Underwriting Agreement shall continue to apply to Xiyang only but not Mr. Zhou and Xiyang shall continue to perform and be bound by such undertakings and be liable for any claims and demands arising therefrom.

6. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

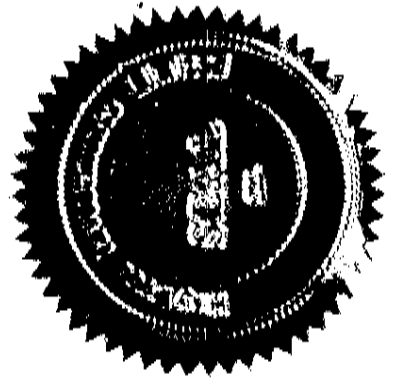
This Deed shall be governed by and construed in accordance with the laws of Hong Kong and the Parties hereto irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts for the purpose of enforcing any claim arising hereunder.

This Deed shall be governed by and construed in accordance with the laws of Hong Kong and the Parties hereto irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts for the purpose of enforcing any claim arising hereunder.

IN WITNESS whereof the parties hereto have executed this Deed on the date appearing at the head hereof.

THE COMMON SEAL of
HAYWOOD INVESTMENTS LIMITED
was hereunto affixed
in the presence of:

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THE COMMON SEAL of
XIYANG INTERNATIONAL LIMITED
was hereunto affixed
in the presence of:

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SIGNED, SEALED AND DELIVERED by
ZHOU CHAO (周超)
in the presence of:

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