

DATED **3 November** **2006**

(1) CHAN WING HIM KENNY
as Borrower

- and -

(2) SUEN SUET NGO
as Lender

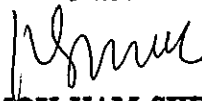
(3) CHINA INVESTMENT FUND COMPANY LIMITED
as Lender

LOAN AGREEMENT

DIBB LUPTON ALSOP
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Central
Hong Kong

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Ref: MML.CKM.2841-001

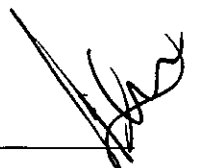
I, the undersigned, do hereby certify
that I have examined the foregoing
documents with its original/certified copy
and that the same is a true and complete
copy thereof,
Dated 16 NOV 2006


MOK KAM SHEUNG
Solicitor, Hong Kong SAR
DIBB LUPTON ALSOP

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THIS AGREEMENT is made on 3 November 2006

BETWEEN

- (1) **CHAN WING HIM KENNY**, holder of Hong Kong Identity Card No. A923139(3), of Unit C, 21/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong (the "**Borrower**");
- (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 (the "**Lender**"); 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) The Borrower intends to acquire shares in a company listed on the Growth Enterprise Market Board of the Stock Exchange through acquisition of shares from certain shareholders. It is also expected that a general offer will be made for such purpose. The Borrower therefore requires financial assistance from the Lender.
- (B) The Lenders have agreed to make available to the Borrower a loan facility of an aggregate sum of Twelve Million Dollars (\$12,000,000) for the purpose of the Acquisition and the General Offer.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

"**Acquisition**" means the transfer to the Borrower of 68.09% interest in the issued share capital of the Target in accordance with the Sale and Purchase Agreement.

"**Advance**" means the advance made or to be made by the Lenders to the Borrower under the Facility.



"**Business Day**" means a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong.

"**Code**" means the Hong Kong Code on Takeovers and Mergers.

"**Completion Date**" means the date on which the Acquisition is completed pursuant to the terms of the Sale and Purchase Agreement.

"**Default**" means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under this Agreement or any combination of any of the foregoing) constitute an Event of Default.

"**Default Rate**" means 3.5% per month higher than the Interest Rate.

"**Dollars**" (and the sign "\$") means the lawful currency for the time being of Hong Kong.

"**Drawdown Date**" means the date hereof, being a Business Day, on which the Advance is or is to be made.

"**Drawdown Notice**" means a notice substantially in the form set out in Schedule 2.

"**Escrow Agent**" means Dibb Lupton Alsop of 41st Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

"**Escrow Agreement**" means the escrow agreement made or to be made between the Lenders, the Borrower, the Financial Adviser and the Escrow Agent in relation to the drawdown arrangement under this Agreement.

"**Event of Default**" means any of the events or circumstances described in Clause 15.

"**Facility**" means the \$12,000,000 loan facility to be made available by the Lenders to the Borrower pursuant to Clause 2.

"**Finance Documents**" means this Agreement, the Security Documents and any other document designated as such by the Lenders and the Borrower.

"**Financial Adviser**" means the financial adviser of the Borrower in implementing the General Offer whose identity is to be made known to and approved by the Lenders.

"Financial Indebtedness" means any indebtedness for or in respect of (a) monies borrowed; (b) any amount raised by acceptance under any acceptance credit facility; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"GEM Listing Rules" means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

"General Offer" means a general offer to acquire certain shares in the Target made by the Borrower through the Financial Adviser in compliance with the Code and the GEM Listing Rules.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Interest Payment Date" means the third day of each successive month from the Drawdown Date.

"Interest Rate" means 2% per month on the outstanding loan facility.

"Loan" means the principal amount outstanding for the time being under the Facility.

"Material Adverse Effect" means a material adverse effect on (a) the financial condition of the Borrower; or (b) the ability of the Borrower to perform his obligations under the Finance Documents; or (c) the validity or enforceability of, or the effectiveness or ranking of any Security Interest created or expressed to be created under, any of the

Finance Documents; or (d) the rights or remedies of the Lenders under any of the Finance Documents.

"**Outstanding Indebtedness**" means the aggregate of the Loan, all interest accrued on the Loan and all other sums of money whatsoever from time to time due or owing actually or contingently to the Lenders under or pursuant to the Finance Documents.

"**PRC**" means the People's Republic of China, excluding Hong Kong for the purpose of this Agreement.

"**Repayment Date**" means the date falling six (6) months from the date of this Agreement.

"**Sale and Purchase Agreement**" means the agreement to be entered into between, Lam Chi Shing as guarantor and vendor, Cyber Mission Ventures Limited, Cyber Profit Group Limited, Expedition Management Limited, Hankison Investments Limited and Sun Strategic Investments Limited as vendors, Yuen Kin Tong as guarantor, the Borrower as guarantor and Colpo Mercantile Inc. as purchaser in relation to the Acquisition.

"**Security Documents**" means:

- (a) the Share Charge;
- (b) all agreements and other documents executed from time to time pursuant to the foregoing; and
- (c) any other document at any time entered into by any person creating a Security Interest in favour of the Lenders to secure the obligations of the Borrower under this Agreement and/or any other Finance Documents.

"**Security Interest**" means any mortgage, charge, pledge, lien, hypothecation, assignment or other encumbrance securing or conferring any priority of payment in respect of any obligation of any person or any other agreement or arrangement having a similar affect.

"**Share Charge**" means the deed of charge and assignment made or to be made by Colpo Mercantile Inc. in favour of the Lenders in respect of , (a) either (subject to successful completion of the General Offer) up to 277,335,732 shares of, representing up to 70% of

the issued share capital in the Target as at the date hereof, as to 59.45% to be acquired under the Acquisition and as up to 10.55% to be acquired under the General Offer or up to 70% of the issued share capital in the Target from time to time (as the case may be); or (b) (if the completion of the General Offer is unsuccessful) 235,530,000 shares of, representing 59.45% of the issued share capital in the Target as at the date hereof to be acquired under the Acquisition or 59.45% of the issued share capital in the Target from time to time (as the case may be).

"Stock Exchange" means The Stock Exchange of Hong Kong Limited.

"Target" means a company (whose identity will be made known to and approved by the Lenders prior to any drawdown) listed on the Growth Enterprise Market Board of the Stock Exchange.

"Taxes" means any tax, levy, impost, duty or charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

1.2 Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 "Ms Suen", "CIF", "Lenders" and "Borrower" include their respective legal personal representatives, administrators, successors and permitted assigns;

1.2.2 "assets" includes present and future properties, revenues and rights of every description;

1.2.3 a "Finance Document" or any other agreement or instrument is a reference to that Finance Document or that other agreement or instrument as amended, modified, varied, supplemented or novated;

1.2.4 "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, secured or unsecured;

1.2.5 a "month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:



1.2.5.1 if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

1.2.5.2 if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month;

1.2.6 a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

1.2.7 a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.8 a provision of law is a reference to that provision as amended or re-enacted;

1.2.9 unless otherwise stated, a time of day is a reference to Hong Kong time;

1.2.10 the plural include the singular and vice versa; and

1.2.11 a gender include every gender.

1.3 Section, Clause and Schedule headings are for ease of reference only.

2. **THE FACILITY**

Subject to the terms and conditions of this Agreement, the Lenders agree to make available to the Borrower a loan facility in the aggregate principal amount of \$12,000,000, as to \$7,500,000 from Ms Suen and as to \$4,500,000 from CIF.

3. **CONDITION PRECEDENT**

This Agreement is conditional on the Borrower's deposit to the bank account of the Escrow Agent a sum of HK\$10,001,000 on or before the date hereof (the "**Borrower's Deposit**") and a sum of HK\$240,000 being the first month's interest payable in advance on the Facility.



4. PURPOSE

The Borrower shall apply all amounts borrowed by it under this Agreement for the purpose of the Acquisition and for implementing the General Offer, provided that the Borrower shall apply the Borrower's Deposit for the aforesaid purpose first.

5. DRAWDOWN

5.1 The Borrower may draw down the Facility in one lump sum by delivery to the Lenders of the duly completed Drawdown Notice immediately upon execution of this Agreement.

5.2 The Borrower may not deliver the Drawdown Notice unless the Borrower has delivered to the Lenders all of the documents and other evidence listed in Schedule 1.

5.3 The obligation of the Lenders to make available the Advance is subject to the further conditions that:

5.3.1 the proposed Drawdown Date is a Business Day;

5.3.2 on the date of the Drawdown Notice and on the proposed Drawdown Date;

5.3.3 all representations and warranties in Clause 13.1 are true and correct; and

5.3.4 no Default has occurred or will occur as a result of making the proposed Advance;

5.3.5 the Lenders are satisfied that (acting reasonably) the Borrower has sufficient financial resources for completion of the Sale and Purchase Agreement and the General Offer;

5.4 The Drawdown Notice issued by the Borrower to the Lenders shall be effective on actual receipt and, once given, shall be irrevocable.

5.5 Subject to the compliance by the Borrower of this Clause 5, the Lenders will make available the Advance to the Borrower on the Drawdown Date by paying the same to an account specified by the Escrow Agent in accordance with the Escrow Agreement.



5.6 The payment by the Lenders in the manner under Clause 5.5 shall constitute the making of the Advance and the Borrower shall thereupon become indebted to the Lenders in the amount of the Loan.

6. REPAYMENT

On the Repayment Date the Borrower shall repay to the Lenders their respective proportions of the Loan under this Agreement and all sums which are then owing to the Lenders under any of the Finance Documents provided that the parties hereby agree that any repayments of the Loan by the Borrower to the Lenders shall be applied to repay CIF's portion of the Loan first until full payment thereof and then such repayments shall be applied to repay Ms Suen's portion of the Loan.

7. PREPAYMENT AND CANCELLATION

7.1 The Borrower may prepay, without premium or penalty, all or any part of the Loan any time after the Drawdown Date.

8. INTEREST

8.1 The Borrower shall pay interest on the Loan on each Interest Payment Date calculated at the Interest Rate.

8.2 If the Borrower fails to pay any sum on its due date for payment under a Finance Document, it shall pay interest (if applicable), upon demand by the Lenders, on the amount from time to time outstanding in respect of that overdue sum for the period commencing on its due date and ending on the date of its actual receipt by the Lenders (both before and after judgment) at the Default Rate.

8.3 Interest shall be payable in advance on a monthly basis on the Interest Payment Date on the amount of the Loan.

8.4 If an Interest Payment Date would otherwise end on a day which is not a Business Day, that Interest Payment Date will instead end on the next Business Day in that calendar month (if there is one) or the immediately preceding Business Day (if there is not).

9. CHANGE OF LAW OR CIRCUMSTANCES



If it becomes unlawful for the Lenders to give effect to his obligations hereunder, the Lenders shall so notify the Borrower whereupon the Lenders' obligations to make available the Advance or maintain the Loan shall cease. The Borrower shall forthwith after such notification, or such longer period as the Lender may certify as being permitted by the relevant law, prepay, without premium or penalty, the Loan in full and any other sums owing under the Finance Documents.

10. TAXES

10.1 All sums payable by the Borrower under the Finance Documents shall be paid in full without any restriction or condition and free and clear of any Tax or other deductions or withholdings of any nature. If at any time the Borrower is required to make any deduction or withholding in respect of Taxes from any payment due under a Finance Document for the account of the Lenders, the sum due from the Borrower 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 any liability in respect of such deduction or withholding) a net sum equal to the sum which he would have received had no such deduction or withholding been required to be made and the Borrower shall indemnify the Lenders against any losses or costs incurred by the Lenders by reason of any failure of the Borrower 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 Borrower 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.

10.2 Without prejudice to Clause 10.2, if any of the Lenders is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under a Finance Document (including any sum deemed for purposes of Tax to be received or receivable by the Lenders whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lenders, the Borrower shall, within three Business Days of demand of the Lenders, promptly indemnify each of the Lenders against all losses or liabilities as a result of such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 10.2 shall not apply to any Tax imposed on and calculated by reference to the net income actually received or receivable by the Lenders (but, for the avoidance of

doubt, not including any sum deemed for purposes of Tax to be received or receivable by the Lenders but not actually receivable) by the jurisdiction in which CIF is incorporated.

11. INDEMNITIES

11.1 The Borrower shall, on demand of the Lenders, indemnify the Lenders against all costs, losses, expenses and liabilities which the Lenders have sustained or incurred as a consequence of all or any of:

11.1.1 any default in payment on due date by the Borrower of any sum due or expressed to be due under any of the Finance Documents;

11.1.2 the occurrence or continuation of any Default;

11.1.3 any accelerated repayment under Clause 15;

11.1.4 any failure to borrow in accordance with the Drawdown Notice, including any failure in the due satisfaction of any of the conditions in Clause 5;

11.1.5 any prepayment of the Loan or any part thereof other than in accordance with Clause 7;

11.1.6 any payment of principal or an overdue sum being paid otherwise than on an Interest Payment Date; or

11.1.7 any other default by the Borrower of any of his obligations under any of the Finance Documents.

11.2 If an amount due to the Lenders from the Borrower in one currency (the "**first currency**") is received by the Lenders in another currency (the "**second currency**"), the Borrower's obligations to the Lenders in respect of such amount shall only be discharged to the extent that the Lenders may purchase the first currency with the second currency in accordance with 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 Borrower shall indemnify the Lenders against the shortfall.

12. PAYMENTS



- 12.1 On each date on which any sum is due from the Borrower, the Borrower shall make that sum available to the Lenders not later than 11:00 a.m. (Hong Kong time) by payment in Dollars in immediately available funds to such account as the Lenders specify.
- 12.2 If any sum would otherwise become due for payment pursuant to a Finance Document on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day.
- 12.3 If the Lenders receive a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lenders shall apply that payment towards the obligations of the Borrower under the Finance Documents in such order and manner as the Lenders in their absolute discretion consider appropriate. Such application shall override any appropriation made by the Borrower.
- 12.4 All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- 12.5 The Lenders' certificate setting out the amount of any sum due under a Finance Document shall be *prima facie* evidence as to such amount.

13. REPRESENTATIONS AND WARRANTIES

- 13.1 The Borrower hereby represents and warrants to the Lenders that:
- 13.1.1 **Status, Power and Authority:** he has full power to enter into, perform and deliver the Finance Documents to which he is a party and the transactions contemplated thereby;
- 13.1.2 **Binding Obligations:** the obligations expressed to be assumed by him in the Finance Documents to which he is a party are legal, valid and binding obligations enforceable in accordance with their respective terms;
- 13.1.3 **Non-Conflict with Other Obligations:** the entry into and performance by him of, and the transactions contemplated by, the Finance Documents to which he is a party do not and will not:
- 13.1.3.1 contravene any provisions of any law, statute, decree, rule or regulation to which he or any of his assets or revenues is subject; or

- 13.1.3.2 conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or instrument binding upon him or any of his assets;
- 13.1.4 **No Breach of Borrowing or Other Powers:** the entering into of the Finance Documents to which he is a party will not cause any limit or restriction on his borrowing power (whether imposed by law, decree, rule, regulation, agreement or otherwise) to be exceeded or breached;
- 13.1.5 **Consents:** all consents, licences, approvals and authorisations of any authority, bureau or agency required by him in any jurisdiction in connection with the performance, validity and admissibility in evidence of the Finance Documents to which he is a party have been obtained and are in full force and effect;
- 13.1.6 **No Immunity:** he is generally subject to civil and commercial law and to legal proceedings and neither he nor any of his assets or revenues is entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process;
- 13.1.7 **Governing Law and Jurisdiction:** the choice of Hong Kong law as the governing law of this Agreement and the Share Charge will be recognised and enforced in his place of residence; his submission to the jurisdiction of the courts of Hong Kong under this Agreement and the Share Charge are legal, valid and binding under the laws of his place of residence;
- 13.1.8 **No Filing or Stamp Taxes:** it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents;
- 13.1.9 **No Default:** no Default is outstanding or would reasonably be expected to result from the making of the Advance; no other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on him or to which his assets are subject which would have a Material Adverse Effect;



13.1.10 **No Misleading Information:** all written information provided by him to the Lenders was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated;

13.1.11 **No Proceedings Pending or Threatened:** no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, would reasonably be expected to have a Material Adverse Effect has (to the best of his knowledge and belief) been started or threatened against him;

13.1.12 **Pari Passu Ranking:** the payment obligations of him under the Finance Documents to which he is a party rank at least pari passu with all of his other unsecured and unsubordinated indebtedness; and

13.1.13 **No commissions or rebates:** There are no commissions, rebates, premiums or other payments by or to or for the account of the Borrower in connection with the transactions contemplated by this Agreement or in compliance with the requirements of the Stock Exchange and the Securities and Futures Commission, particularly in respect of implementing of the General Offer (if necessary), other than as disclosed to the Lenders in writing.

13.2 Each of the representations and warranties made by the Borrower pursuant to Clause 13.1 shall be deemed to be repeated 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.

14. UNDERTAKINGS

The Borrower hereby undertakes with the Lenders that so long as the Facility remains in force or any sum remains owing under the Finance Documents:

14.1 **Authorisations:** he shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect all consents, licences, approvals and authorisations required (i) to enable him to perform his obligations under the Finance Documents to which he is a party; and (ii) to ensure the legality, validity, enforceability and admissibility in evidence of the Finance Documents;

14.2 **Compliance with Laws:** he will comply in all respects with all laws to which he may be subject, if failure so to comply would have a Material Adverse Effect;

- 14.3 **Notification of Default:** he shall notify the Lenders of any Default as soon as practicable upon becoming aware of its occurrence;
- 14.4 **Lenders' request:** upon the Lenders' request, he shall procure Colpo Mercantile Inc. to issue a debenture with the Lenders as subscribers on terms and conditions, where appropriate, same as this Agreement and the Borrower shall sign a personal guarantee to guarantee the due and punctual performance and observance by Colpo Mercantile Inc. of all its obligations under the debenture, in which event this Agreement will be cancelled by the parties hereto and the Share Charge will be discharged by the Lenders; and
- 14.5 **Further loan:** he shall procure the Target to obtain the prior consent of the Lenders before the Target could take out any loan of whatsoever nature.

15. EVENTS OF DEFAULT

If any of the following events occurs:

- 15.1 **Non Payment:** the Borrower does not pay on the due date any amount payable by him pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable, unless payment is made within seven (7) Business Days of its due date;
- 15.2 **Other Obligations:** the Borrower does not comply with any provision of any of the Finance Documents to which he is a party, provided that no Event of Default will occur under this Clause 15.2 if the failure to comply is remedied within 14 Business Days of the Lenders giving notice to the Borrower;
- 15.3 **Misrepresentation:** any representation or statement made or deemed to be made by the Borrower in any of the Finance Documents to which he is a party or any other document delivered by or on behalf of him under or in connection with any of the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
- 15.4 **Cross Default:** any Financial Indebtedness of the Borrower is not paid when due nor within any originally applicable grace period or any Financial Indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity or any creditor of the Borrower becomes entitled to declare any Financial Indebtedness of the Borrower due and payable prior to its specified maturity or any commitment for any Financial Indebtedness of the Borrower is

cancelled or suspended by a creditor of the Borrower as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 15.4 if the amount of Financial Indebtedness or commitment of Financial Indebtedness is less than \$3,000,000 (or its equivalent);

- 15.5 **Insolvency:** the Borrower is or is presumed or deemed to be unable or admits inability to pay his debts as they fall due, suspends making payments on any of his debts or commences negotiations with one or more of his creditors with the view to rescheduling any of his indebtedness or a moratorium is declared in respect of any indebtedness of the Borrower;
- 15.6 **Insolvency Proceedings:** any corporate action, legal proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness or bankruptcy, of the Borrower or a composition, assignment or arrangement with any creditor of the Borrower or the appointment of a receiver or similar officer in respect of the Borrower or any of his assets or any analogous procedure or step is taken in any jurisdiction;
- 15.7 **Creditors' Process:** any expropriation, attachment, sequestration, distress or execution affects any asset of the Borrower having a value of more than \$1,000,000 (or its equivalent);
- 15.8 **Consents:** any consent, licence, approval or authorization of any governmental or other authority required by the Borrower to authorize or required by the Borrower in connection with the execution, delivery, performance, validity, enforceability or admissibility in evidence of any Finance Document is modified in a manner unacceptable to the Lenders (acting reasonably) or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceased to be in full force and effect;
- 15.9 **Unlawfulness:** it is or becomes unlawful for the Borrower to perform any of his obligations under the Finance Documents to which he is a party or any of the obligations of the Borrower under the Finance Documents to which he is a party is not or ceases to be or is claimed by him not to be legal, valid and binding or in full force and effect;



- 15.10 **Invalidity:** the Security Interest created by any Security Document or the priority and ranking of the Security Interest expressed in any Security Document ceases to be legal, valid and effective;
- 15.11 **Repudiation:** the Borrower repudiates a Finance Document or evidences an intention to repudiate a Finance Document;
- 15.12 **Incapacity:** the Borrower dies or becomes of unsound mind;
- 15.13 **Suspension of Trading:** trading of the Shares of the Target on the Growth Enterprise Market Board of the Stock Exchange is suspended for a period of more than 20 days for whatever reason,

then, and in such case and at any time thereafter so long as it is continuing, the Lenders may:

- (i) declare that the obligations of the Lenders to make the Facility available shall be terminated, whereupon the Facility shall be so terminated; and/or
- (ii) declare that the Loan and all sums owing under the Finance Documents have become immediately due and payable, whereupon the same shall become so due and payable without further demand; and/or
- (iii) take any action, exercise any other right or pursue any other remedy conferred upon the Lenders by any of the Finance Documents or by any applicable law or regulation or otherwise as a consequence of such Event of Default.

16. EXPENSES AND STAMP DUTY

The Borrower hereby undertakes to pay to the Lenders:

- 16.1 on demand, on a full indemnity basis, all costs and expenses (including legal fees) reasonably incurred by the Lenders:
- 16.1.1 in connection with the preparation, negotiation and execution of the Finance Documents and in connection with the protection or enforcement of any of his rights under any of the Finance Documents;
 - 16.1.2 in the enforcement or preservation or the attempted enforcement or preservation of any of the Lenders' rights and powers under this Agreement

and the Security Documents or of the security constituted by the Security Documents;

16.1.3 in connection with any actual or proposed amendment of or supplement to this Agreement or any of the Security Documents, or any consent or waiver in respect of any provision of this Agreement or any of the Security Documents, whether or not the same is given.

16.2 promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar Taxes payable in connection with the entry into, performance, enforcement or admissibility in evidence of any of the Finance Documents and/or any amendment or waiver thereof, and shall indemnify the Lenders against any liability with respect to or resulting from any delay in paying or omission to pay any such Taxes.

17. ASSIGNMENT AND TRANSFER

17.1 This Agreement shall be binding upon and enure to the benefit of each party hereto and his successors in title and permitted assignees and transferees.

17.2 The Borrower may not assign or transfer all or any of his rights and/or obligations under any of the Finance Documents without the prior written consent of the Lenders.

17.3 The Lenders may, with the prior written consent of the Borrower, at any time assign, novate and/or transfer all or any of his rights and/or obligations under any of the Finance Documents to any person and for such purposes, the Lenders may, with the prior written consent of the Borrower, make disclosure of information relating to the Borrower and the transaction contemplated by the Finance Documents. The Borrower undertakes to, at the expense of the Lenders, take all necessary actions and sign all documents required by the Lenders in connection with any such novation, assignment or transfer.

18. NOTICES

18.1 All notices and communications to be made hereunder shall be made in writing (by letter or fax) and effective upon receipt by the addressee, and shall be sent as follows:

18.1.1 in the case of the Borrower:



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

18.1.2 in the case of Ms Suen:

Address Suite 2610, 26/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong

Fax: 2519 6629

Attention: Ms Suen Suet Ngo

18.1.3 in the case of 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

18.2 If any of the Lenders or the Borrower wishes to change its address for communication, he shall give to the other not less than five (5) Business Days' notice in writing of the change desired.

18.3 Notices addressed as provided in this Clause 18 shall be deemed to have been duly given when despatched (in the case of telefax), when delivered (in the case of personal delivery), two (2) days after posting (in the case of letters sent within the same country), or five (5) days after posting (in the case of letters sent internationally). In each of the above cases any notice received on a non-Business Day or after business hours in the country of receipt shall be deemed to be given on the next following Business Day in such country.

18.4 All notices and communications to be made hereunder and each document to be delivered pursuant to this Agreement must be in English.

19. REMEDIES, WAIVERS AND AMENDMENTS

- 19.1 No failure or delay on the part of the Lenders in exercising any right or remedy under a Finance Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in a Finance Document are cumulative and not exclusive of any rights or remedies provided by law.
- 19.2 Any provision of a Finance Document may be amended only if the Borrower and the Lenders so agree in writing.

20. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

21. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. Any party may enter into this Agreement by signing any such counterpart.

22. GOVERNING LAW AND JURISDICTION

- 22.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 22.2 Each of the Lenders and the Borrower irrevocably agrees that the Hong Kong courts are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.
- 22.3 Each of the Lenders and the Borrower irrevocably waives any objection which he may now or hereafter have to the laying of the venue of any proceedings in the Hong Kong courts and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any proceedings brought in the Hong Kong courts shall be conclusive and binding upon him and may be enforced in the courts of any other jurisdiction, in each case to the fullest extent permitted by law.

23. 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 Borrower 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 Agreement, the Share Charge 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 Agreement, the Share Charge and the transaction contemplated hereby or thereby.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed the day and year first above written.

[The rest of this page is intentionally left blank.]



SCHEDULE 1

DOCUMENTS AND EVIDENCE REQUIRED

AS CONDITIONS PRECEDENT FOR DRAWDOWN

1. Principal Documents

Fully executed original of each of:

- (a) this Agreement;
- (b) the Share Charge, and all documents required to be delivered thereunder; and
- (c) the Escrow Agreement.

2. Other Documents and Evidence

- (a) A copy of the Hong Kong identity card of the Borrower.
- (b) A copy, certified as a true copy by the Borrower, of the duly executed Sale and Purchase Agreement.
- (c) Evidence that all conditions precedent for the completion of the Sale and Purchase Agreement have been or will be satisfied.
- (d) Evidence that the Borrower has deposited HK\$10,241,000 with the Escrow Agent on or prior to the date hereof.



SCHEDULE 2
FORM OF DRAWDOWN NOTICE

To: [◆]
Address

Date: [◆]

Dear Sirs

DRAWDOWN NOTICE

We refer to the loan agreement dated [◆] 2006 (the "**Loan Agreement**") made between (1) myself as Borrower and (2) yourselves as Lenders providing for a loan facility to me of \$12,000,000. Expressions defined in the Loan Agreement shall have the same meanings when used in this letter.

Pursuant to Clause 5 of the Loan Agreement I hereby give you notice that I wish to draw the Advance as follows:

Amount : \$12,000,000

Proposed Drawdown Date : [◆]

I hereby request and authorise you to pay the proceeds of the Advance to [◆] Account No. [◆], quoting the reference [◆] in accordance with the terms of the Escrow Agreement.

I confirm that:

- (1) the representations and warranties made by me as set out in Clause 13 of the Loan Agreement are true and accurate on the date hereof as if made on such date; and
- (2) no Event of Default has occurred and is continuing or will occur as a result of the proposed Advance.

Yours faithfully

.....
CHAN WING HIM KENNY

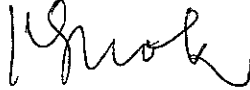


SIGNATURE PAGE

THE BORROWER

SIGNED by CHAN WING HIM KENNY)

in the presence of:)

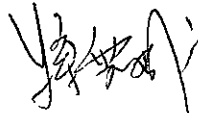


MOK KAM SHEUNG
Solicitor, Hong Kong SAR
DIBB LUPTON ALSOP

THE LENDERS

SIGNED by SUEN SUET NGO)

in the presence of: *Chiu Sui Keung*)



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:)

