

SECURITY DEED (Back-to-Back and Front-to-Back Letter of Credit)

THIS IS AN IMPORTANT DOCUMENT (SIGN ONLY IF YOU INTEND TO BE BOUND BY IT.)

To : China Minsheng Banking Corp., Ltd., Hong Kong Branch

The following terms and conditions are agreed between the person(s) executing this Security Deed as customer (the "**Customer**") and China Minsheng Banking Corp., Ltd., Hong Kong Branch (the "**Bank**" which includes all the branches and offices of the Bank wherever situated and its successors and assigns), on the date specified in the Schedule to this Security Deed.

1. INTERPRETATION

- (a) In this Security Deed
- (i) "**Original Credits**" means any letter of credit issued or to be issued in favour of the Customer and approved and accepted by the Bank which is deposited with the Bank and/or which will be deposited by the Customer with the Bank as and when the same is issued;
 - (ii) "**Secured Liabilities**" means any and all present and future obligations and liabilities of the Customer due owing and/or payable to the Bank (whether actual, contingent, sole, joint and/or several or otherwise) and includes all moneys which the Bank may pay to or for the account of the Customer, all moneys which the Bank may pay under the Subsequent Credit and interest accrued or to be accrued and all legal or other costs, expenses, disbursements and/or payment of whatever nature incurred by the Bank in connection with seeking to recover any of the above on a full indemnity basis;
 - (iii) "**Security Interest**" means any mortgage, charge, pledge, lien, assignment, hypothecation or any other agreement or arrangement having the effect of conferring any priority of payment in respect of any obligation of any person or security;
 - (iv) "**Subsequent Credit**" means any letter of credit issued by the Bank at the request of the Customer in favour of parties (other than the Customer) in connection with an Original Credit;
 - (v) a Clause or Schedule is a reference to a clause of or schedule to this Security Deed;
 - (vi) a person includes an individual, a company, a partnership or body unincorporated and its successors and assigns;
 - (vii) unless the context otherwise requires, words importing the singular include the plural and vice versa and the neuter gender includes the other genders; and
 - (viii) a document is a reference to that document as amended, restated, reissued or supplemented.
- (b) If this Security Deed is executed by more than one person as Customer, the obligations of each Customer under this Security Deed are joint and several.
- (c) The headings in this Security Deed are for convenience only and are to be ignored in construing this Security Deed.
- (d) Where the Customer consists of partners references to the Customer, where the context admits, are references to the persons who constitute the Customer for the time being.

2. SECURITY

In consideration of the Bank's making or agreeing to make available or continuing advances or otherwise giving time, credit, banking facilities or other accommodation whatsoever to the Customer and/or any person(s) at the request of the Customer and the issuance of Subsequent Credits from time to time and as a continuing security for the Secured Liabilities, to the intent that the Bank shall be afforded a complete indemnity in respect of all Secured Liabilities, the Customer as the sole legal and beneficial owner assigns and agrees to assign to the Bank all the Customer's right, title, interest and benefit to and in all and any moneys now or at any time due or owing to the

Customer under or in connection with each of the Original Credits and all other rights and benefits whatsoever accruing now or at any time to the Customer under or in connection with the Original Credits and in the event that the Original Credits have not been issued and/or deposited with the Bank at the time the Bank is requested by the Customer (but the Bank is not bound) to advance any said facilities or accommodation and/or to issue any Subsequent Credits, the Customer irrevocably and unconditionally undertakes to procure the issuance and deposit of such Original Credits with the Bank as soon as possible thereafter but in no event should such Original Credits be issued and deposited by the Customer with the Bank to the Bank's satisfaction more than _____ weeks after the Bank's advance of such facilities and accommodation and/or issuance of the Subsequent Credits or thirty (30) days before the latest shipment date as stipulated in the Subsequent Credits, whichever is earlier, and if the Customer fails to do so or if the Bank at any time deems necessary for whatever reason, the Bank shall be at liberty, and without prejudice to any of its rights hereunder or otherwise, to terminate immediately any facilities or accommodation so advanced to the Customer and require the Customer to pay forthwith in full in freely and immediately available funds the amount of the Subsequent Credits issued by the Bank for the Customer (whether the same is due or has matured or otherwise) and all other related interest, charges, costs and expenses incurred or to be incurred on full indemnity basis by the Bank and the total of such amount shall be included as part of the Secured Liabilities under this Security Deed. Pending the deposit of suitable Original Credits, the Bank has the right to demand the Customer to give the Bank any other security the Bank shall think necessary at any time whether before or after the Bank's issuance of the Subsequent Credits. The Customer will carry out all necessary action (including but not limited to giving copies of all related and relevant documents such as purchase orders, invoices, etc. and making express cross reference between the specific Original Credits that are or will be used as security for issuance of particular Subsequent Credits and any such documents in all its correspondence, documentation and application forms with and to the Bank) to enable the Bank to perfect its security over the Original Credits and waive all right of objection to the Bank's priority under any Original Credit (whether issued before or after the Bank's issuance of the Subsequent Credit).

3. POWER OF ATTORNEY

The Customer irrevocably appoints the Bank and its nominee(s) with full power of substitution and delegation, to be attorney for the Customer and in the Customer's name or otherwise and on behalf of the Customer and as its act and deed from time to time and at any time:

- (a) to prepare, complete, amend, endorse (in favour of the Bank or otherwise), sign, issue, and/or otherwise deal with (in such manner as the Bank may think fit) all and any invoices, bills, drafts, documents of title, insurance policies and other documents of whatever nature and do all other things considered by the Bank to be necessary or desirable in connection with the collection of the proceeds of any of the Original Credits (including, without limitation, the Bank's completion of and other dealing with any documents already signed by the Customer in blank or otherwise);
- (b) to put forward, consent to and/or reject any proposal for amendment of any of the Original Credits and the Subsequent Credits;
- (c) to waive and/or request waiver of compliance by any person with any requirement of any of the Original Credits and the Subsequent Credits, including (without limitation) to accept and/or tender discrepant documents and to give any indemnity or undertake any other obligation to the issuer of any of the Original Credits and the Subsequent Credits or other person in connection therewith;
- (d) to take legal action against any buyer of the Customer who fails to issue an Original Credit in accordance with the underlying commercial contract entered into by the Customer and such buyer if the Bank has issued a Subsequent Credit in reliance on such commercial contract ; and/or
- (e) to sign, execute, deliver, perfect and/or do all deeds, instruments, acts and things which may be necessary or which the Bank may think fit for carrying out any obligation of the Customer under this Security Deed or otherwise or for realising any security given to the Bank under this Security Deed or for giving to the Bank the full benefit of the terms of this Security Deed.

The power of attorney granted under this Clause is granted irrevocably and for value to secure proprietary interests of and the performance of obligations owed by the Customer within the meaning of Section 4 of the Powers of Attorney Ordinance (Cap.31, Laws of Hong Kong). The Customer shall from time to time ratify and confirm whatsoever the Bank shall lawfully do or cause to be done by virtue of the power of attorney granted under this Clause.

4. UNDERTAKINGS

The Customer irrevocably undertakes to the Bank that:

- (a) without prejudice to Clause 3, the Customer shall sign, complete and/or deliver to the Bank (whether in blank or otherwise) such invoices, bills, drafts and other documents and do and execute such acts, instruments and things as the Bank shall require whether to enable the Bank to obtain the proceeds of any of the Original Credits or otherwise in connection with this Security Deed;
- (b) the Customer shall deliver or cause to be delivered to the Bank for its retention each Original Credit at the time the Customer requests the Bank to issue a Subsequent Credit corresponding to that Original Credit but the Bank shall, if it deems fit in its absolute discretion, and subject to the Customer complying with any conditions that the Bank may impose in connection therewith, issue the Subsequent Credit for the Customer prior to its receipt of the Original Credit;
- (c) the Customer shall ensure that the terms of each Original Credit in respect of which the Customer shall request the Bank to issue a Subsequent Credit shall, to the extent practicable, be identical to the terms of that Subsequent Credit;
- (d) the Customer shall not agree to or make any amendments to any Original Credit without obtaining the Bank's prior approval in writing;
- (e) the Customer shall arrange for each amendment to each Original Credit to be delivered to the Bank for its retention promptly upon the Customer receiving the same;
- (f) the Customer shall ensure that the terms of each Original Credit shall (1) permit the Customer's assignment of the proceeds of that Original Credit to the Bank pursuant to this Security Deed, (2) permit signature and tender of documents under that Original Credit by the Bank on behalf of the Customer, (3) (if the Bank so requires) designate the Bank as advising, confirming and/or paying bank and (4) otherwise be in all respects consistent with and in no way adversely affect any of the Bank's rights under this Security Deed or the arrangements contained in or contemplated by this Security Deed;
- (g) the Customer shall not, except pursuant to this Security Deed, create or permit to exist any Security Interest on or over the Original Credit or the proceeds of the Original Credit or assign or deal with the benefit of and/or the proceeds of any Original Credit;
- (h) the Customer shall pay to the Bank or otherwise as the Bank may direct all monies which the Customer may receive in respect of the Original Credit or any underlying or ancillary claims;
- (i) the Customer shall upon request of the Bank take legal action against its buyer who fails to issue an Original Credit in accordance with the underlying commercial contract entered into by the Customer and such buyer if the Bank has issued a Subsequent Credit in reliance on such commercial contract; and
- (j) the Customer shall take such action as the Bank thinks fit to perfect the security granted to the Bank hereunder, whether by registration hereof with any relevant authority, by the giving of notice hereof to the issuer of any Original Credit or other person (in the form of Appendix 1 hereto) or by any other means whatsoever.

5. CONTINUING SECURITY

- (a) This Security Deed is a continuing security and shall not be satisfied by any intermediate payment or discharge of the whole or any part of the Secured Liabilities but shall extend to cover and secure the ultimate balance due or expressed to be due to the Bank in respect of the Secured Liabilities.

- (b) If for any reason the security constituted by this Security Deed ceases to be a continuing security, the Bank may open a new account with or continue any existing account with the Customer and the liability of the Customer in respect of the Secured Liabilities at the date of such cessation shall remain regardless of any payments in or out of any such account.

6. IMMEDIATE RECOURSE

The Customer waives any right it may have of first requiring the Bank to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Customer under this Security Deed.

7. ADDITIONAL SECURITY

This Security Deed is additional to and not in substitution and is not in any way prejudiced by, and will not prejudice, any other security interest, indemnity or guarantee which now or subsequently held or taken by the Bank in respect of any Secured Liability without prior recourse to such other security interest, indemnity or guarantee.

8. APPLICATION OF PROCEEDS

All moneys received or recovered by the Bank in respect of the Original Credits shall be applied by the Bank in or towards payment of the Secured Liabilities (or such part of them) in such order as the Bank sees fit (but without prejudice to the right of the Bank to recover any shortfall from the Customer in the event that the money in respect of the Original Credits is insufficient to repay in full the whole of the Secured Liabilities).

9. DELEGATION

The Bank may:

- (a) delegate to any person(s) all or any of its rights, powers and discretions under this Security Deed on such terms (including power to sub-delegate) as the Bank sees fit; and
- (b) employ agents, managers, employees, advisers and others on such terms as the Bank sees fit for any of the purposes set out in this Security Deed.

10. INDEMNITY AND EXONERATION

- (a) The Customer shall indemnify the Bank, each of its delegates, sub-delegates and attorneys appointed by it in respect of all losses, liabilities, damages, costs and expenses (on full indemnity basis) incurred by it or him in good faith in the execution or purported execution or performance of any rights in accordance with this Security 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 Customer herein contained..
- (b) The Bank shall not be liable to the Customer for any losses, liabilities, damages, costs and expenses (on full indemnity basis) suffered or incurred by it in connection with the exercise or purported exercise of any of the Bank's rights, powers and discretions under this Security Deed other than losses due to the wilful default of the Bank. In particular (but without limitation) the Bank shall not be liable, by reason of gaining possession of the Original Credits, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

11. PAYMENTS

- (a) If the Bank considers that a payment in respect of any Secured Liability is capable of being avoided or otherwise set aside on the insolvency, bankruptcy, liquidation, winding-up or administration or supervision of the person making that payment or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this Security Deed.

- (b) All payments by the Customer to the Bank shall be made without any restriction, set-off, counterclaim, deduction, withholding or condition of any kind. If the Customer is compelled by law to make any withholding or deduction, the sum payable by the Customer shall be increased so that the amount actually received by the Bank is the amount it would have received if there had been no such withholding or deduction.
- (c) Payment by the Customer to the Bank shall be in the currency of the relevant liability or, if the Bank so agrees in writing, in a different currency, in which case the conversion to that different currency shall be made at the exchange rate quoted and determined by the Bank.
- (d) No payment to the Bank under this Security Deed pursuant to any judgment, court order or otherwise shall discharge the obligation or liability of the Customer in respect of which it was made unless and until payment in full has been received in the currency in which it is payable under this Security Deed. If the amount of any such payment shall, on actual conversion into such currency at the exchange rate determined by the Bank, fall short of the amount of the Secured Liabilities, expressed in that currency, the Bank shall have a further separate cause of action against the Customer and the Customer shall be liable for the shortfall. The Bank shall be entitled to enforce the security hereby created to recover the amount of the shortfall.

12. DEFAULT PROVISIONS

In case of default by the Customer in the performance of any of its obligations under this Security Deed, it shall be lawful, but not obligatory, for the Bank to do whatever it may deem necessary or expedient to make good such default and any expenses incurred by the Bank on that behalf shall be added to the Secured Liabilities.

13. RETENTION OF SECURITY

This Security Deed is and remains the property of the Bank. Following the discharge of all the Secured Liabilities, the Bank shall be at liberty to retain any security held by the Bank until the expiry of a period of one month plus such statutory period within which any security, guarantee or payment could be avoided or invalidated. In the event of the commencement of bankruptcy or winding-up of the Customer or any party making such discharge, the Bank may further retain that security until the Bank is satisfied that the Bank will not have to make any payment under any insolvency laws or regulations.

14. SUSPENSE ACCOUNT

All monies received, recovered or realised by the Bank under or in connection with this Security Deed may at the absolute discretion of the Bank be credited to any separate or suspense account for so long as the Bank determines (with or without interest accruing thereon as the Bank may determine) without the Bank having any obligation to apply the same or any part thereof in or towards the discharge of any of the Secured Liabilities so as to enable the Bank to preserve intact the Customer's liability to the Bank and to sue or prove in arrangement, composition, liquidation, bankruptcy, winding-up or such similar proceedings against the Customer the entirety of the Secured Liabilities without taking into account any sum so paid under this Security Deed.

15. EVIDENCE AND CALCULATION

Any certificate or determination by the Bank's duly authorized officers as to the moneys and liabilities for the time being due or owing to the Bank from or by the Customer shall, in the absence of manifest error, be binding on the Customer and conclusive evidence of the matters to which it relates.

16. FURTHER ASSURANCE

The Customer shall from time to time upon the request of the Bank promptly and duly execute and deliver, and procure other parties to execute and deliver any and all such further instruments and documents or do such further acts as the Bank may deem desirable for the purpose of obtaining the full benefit and protection of this Security Deed and the exercise of all rights and powers granted under this Security Deed.

17. COSTS, CHARGES AND EXPENSES

The Customer shall from time to time immediately on demand pay or reimburse or indemnify and keep the Bank indemnified from and against, all costs, charges and expenses (including legal fees of both internal and external legal advisers and other fees on full indemnify basis) incurred by the Bank in connection with the preparation, perfection, performance or enforcement of or preservation of rights under this Security Deed and in exercising any of the Bank's rights or powers hereunder or in suing for or seeking to recover any sums due hereunder or otherwise preserving or enforcing its rights hereunder or in defending any claims brought against it in respect of this Security Deed.

18. WAIVERS

The rights of the Bank under this Security Deed:

- (a) may be exercised as often as necessary;
- (b) are cumulative and are not exclusive of its rights, remedy, power and privilege provided under the general law or other documents held by the Bank; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right, remedy, power or privilege is not a waiver of that right, remedy, power or privilege nor any single or partial or defective exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

19. SET-OFF AND LIEN

- (a) The Bank may set off any matured obligation owed by the Customer under this Security Deed or in respect of the Subsequent Credits (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Customer without prior notice, regardless of the place of payment, the branch through which the Bank is acting or currency of either obligation.
- (b) If the obligations referred to in paragraph (a) above are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
- (c) If any of the obligations referred to in paragraph (a) above is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.
- (d) The Bank is authorised to exercise a lien over any and all property of the Customer coming into the possession or control of the Bank, for custody or any other reason and whether or not in the ordinary course of banking business, with power for the Bank to sell such property to satisfy the Secured Liabilities.

20. ASSIGNMENT

- (a) The Customer may not assign transfer or in any way dispose of any of its rights and/or obligations under this Security Deed. The Bank may assign all or any part of its rights under this Security Deed.
- (b) This Security Deed shall continue notwithstanding any change in the name or constitution of the Bank or by its absorption or amalgamation with any other company. The Customer agrees to be bound by this Security Deed in respect of all of the Secured Liabilities including those incurred after any absorption, amalgamation or assignment.

- (c) Nothing contains in this Security Deed shall restrict the operation of any general lien, statutory right of set-off or other rights or remedies whatsoever which the Bank may have by law or otherwise.

21. NOTICE TO CUSTOMER

- (a) All notices or other communications or documents in connection with this Security Deed are to be sent at the Customer's risk. The Bank does not assume any responsibility for any inaccuracy, interruption, error or delay or total failure in transmission or delivery by post, facsimile or other written form of electronic communication.
- (b) All notices or other communications or documents from the Bank to the Customer must be given in writing and unless otherwise stated, may be made by letter or facsimile. Any such notice will be deemed to be given as follows:
 - (i) if by letter, when delivered personally or left at the relevant address or, when sent by prepaid post, two (2) working days following that on which it was so posted; and
 - (ii) if by facsimile, when confirmed by an activity report confirming the facsimile number to which such notice was sent, the number of pages transmitted and that such transmission was successfully completed.
- (c) The address and facsimile number of the Customer for all notices under or in connection with this Security Deed are:
 - (i) those set out in the Schedule; or
 - (ii) any other notified by the Customer for this purpose to the Bank by not less than five (5) working days' notice.

22. NOTICE TO THE BANK

Any notice or communication by the Customer to the Bank must be given in writing and may only be sent by personal delivery or post addressed to the manager of the branch of the Bank through which the relevant banking services are provided to the Customer and will only be effective when actually received.

23. SEVERABILITY

If a provision of this Security Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Security Deed; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other provision of this Security Deed.

24. GOVERNING LAW

This Security Deed is governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").

25. JURISDICTION

- (a) The Customer agrees that the courts of Hong Kong have jurisdiction to settle any disputes in connection with this Security Deed and accordingly submits to the non-exclusive jurisdiction of the Hong Kong courts but this Security Deed may be enforced in the courts of any competent jurisdiction and that the taking of any suit, action or proceedings arising out of or in connection with this Security Deed in one or more jurisdictions shall not preclude the taking of such suit, action or proceedings in any other jurisdiction whether concurrently or not.

- (b) If Customer is not ordinarily resident in Hong Kong or a company incorporated under the laws of Hong Kong or a non-Hong Kong company registered under Section 333 of the Companies Ordinance (Cap. 32, Laws of Hong Kong), without prejudice to any other mode of service, the Customer:
- (i) irrevocably appoints a company incorporated in Hong Kong and specified in the Schedule as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Security Deed;
 - (ii) agrees that failure by a process agent to notify the Customer of any process will not invalidate the proceedings concerned; and
 - (iii) agrees that if the appointment of any person mentioned in paragraph (i) above ceases to be effective, the Customer shall immediately appoint another company incorporated in Hong Kong to accept service of process on its behalf in Hong Kong and, failing such appointment within 15 days, the Bank is entitled to appoint such person by notice to the Customer.

Appendix One

Notice of Assignment of Proceeds of Letter of Credit

To :

Our Ref.:

Date :

Dear Sirs,

(the “**Letter of Credit**”)

In favor of _____ (the “**Beneficiary**”)

Please be advised that in consideration of the provision of financial accommodation by ourselves to the Beneficiary, the Letter of Credit issued by yourselves has been deposited with us by the Beneficiary and the Beneficiary has assigned all its rights to all moneys due under the Letter of Credit to us and has appointed us as its attorney in connection therewith. We further advise that pursuant to an agreement entered into between the Beneficiary and ourselves dated “”, no amendment to the terms of the Letter of Credit may be agreed to or made by the Beneficiary without our prior written consent.

Please note the above in your records and confirm to us the number of amendments (if any) already made to the Letter of Credit and inform us of any proposals for subsequent amendments.

Please also sign and return the enclosed copy of this letter by way of acknowledgement.

Yours faithfully,

Authorised Signatory
China Minsheng Banking Corp., Ltd. Hong Kong Branch

Received and Acknowledged

Authorised Signatory

Date:

Schedule

Date of Security Deed: _____

Details of the Customer:

1. Name: _____

Type: Sole Proprietor / Limited Liability Company / Partnership

Address: _____

Facsimile: _____

2. Name: _____

Type: Sole Proprietor / Limited Liability Company / Partnership

Address: _____

Facsimile: _____

3. Name: _____

Type: Sole Proprietor / Limited Liability Company / Partnership

Address: _____

Facsimile: _____

Original Credits: Details of Process Agent of the Customers (if applicable – see Clause 25(b)):

Name of Company: _____





Registered office in Hong Kong: _____

Facsimile: _____

Customer

(For use by individual, sole proprietor and partnership customer)

Signed sealed and delivered by the Customer

(1)	_____		(2)	_____	
(3)	_____		(4)	_____	

Print name (s) of signatory(ies):

(1)	_____	(2)	_____
(3)	_____	(4)	_____

Witness

Witness's signature: _____

Print Witness's Name: _____

(For use by corporate customer)

Executed as a deed by the Customer:

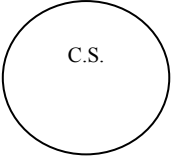
Company Name: _____

Signature : _____

Name of signatory: _____

Signature : _____

Name of signatory: _____



S.V.	FOR BANK USE
	APPROVED BY

Witness

Witness' Signature : _____

Print Witness' Name: _____ Note: A certified copy of the resolutions of the board of directors of the Customer (if it is a company) should be supplied.