

Dated 14 July 2015

(1) **CHINA SMARTER ENERGY GROUP HOLDINGS
LIMITED**
as the Company

(2) **ZHONGTAI FINANCIAL INVESTMENT LIMITED**
(中泰金融投資有限公司)
as Subscriber

SUBSCRIPTION AGREEMENT
in respect of an issue of
convertible bonds by

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED

REED SMITH RICHARDS BUTLER
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Alexandra House
18 Chater Road, Central
Hong Kong
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THIS AGREEMENT dated 14 July 2015 is made

BETWEEN:-

- (1) CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED, a company incorporated in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at Room 2004-5, 20th Floor World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (the “Company”); and
- (2) ZHONGTAI FINANCIAL INVESTMENT LIMITED (中泰金融投資有限公司), a company incorporated in Hong Kong and having its registered office at 7/F Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong (the “Subscriber”)

WHEREAS:-

- (A) as at the date of this Agreement, the Company has an authorised share capital of HK\$300,000,000 comprising 120,000,000,000 Shares of HK\$0.0025 each of which 6,988,392,660 Shares are in issue, and has in issue 3 months HIBOR plus 5.5% convertible bonds due 2016 in the principal amount of HK\$700,000,000 (the “2016 Convertible Bonds”); and
- (B) the Company now intends to issue the Bonds and the Subscriber has agreed to subscribe for the Bonds on the terms and subject to conditions set out in this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

- (A) In this Agreement, and the Recitals hereto, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:-

“Announcement” the announcement to be made by the Company in relation to, inter alia, this Agreement and the proposed issue of the Bonds as required by the Listing Rules;

“Bonds” the secured guaranteed 6% convertible bonds due 2018 of an aggregate principal amount of up to US\$10,000,000 to be constituted by and with the benefit of and subject to the provisions of the Instrument as a single series and issued by the Company under this Agreement and “Bond” shall be construed accordingly pursuant to this;

“Bondholder” at any time in respect of a Bond the person who is for the time being the registered holder of that Bond;

“Bond Instrument” the instrument by way of deed poll (substantially in the form set out in Schedule 1) constituting the Bonds;

“Business Day”	a day on which commercial banks in Hong Kong are generally open for business other than Saturday and Sunday or a public holiday, or a day on which commercial banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong;
“BVI”	British Virgin Islands;
“Certificate(s)”	certificate(s) representing the Bonds;
“Completion”	the date fixed for completion of the Bonds pursuant to Clause 4 or, where the context so permits or requires, the performance by the parties hereto of their respective obligations under Clause 4;
“Conditions”	has the meaning ascribed to it in the Instrument;
“Conditions Precedent”	the conditions precedent set out in Clauses 3(A) and 3(B);
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules;
“Conversion Rights”	the rights to be attached to the Bonds to convert the principal amount of the Bonds or a part thereof into Shares;
“Conversion Shares”	the Shares falling to be issued by the Company under the Bonds (whether upon exercise by a Bondholder of the Conversion Rights, or otherwise pursuant to the Conditions);
“Debentures”	the debentures substantially in the form set out in Schedule 2 in favour of the Security Trustee created by the chargors under the Share Charges;
“Encumbrances”	any charge, mortgage, security, lien, option, equity, power of sale or hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind;
“EOD Certificate”	means a certificate signed by two of the directors of the Issuer on its behalf certifying that no Event of Default is continuing or (if an Event of Default is continuing) specifying the Event of Default and the steps, if any, being taken to remedy it;
“Financial Indebtedness”	(a) moneys borrowed; (b) any amount raised by acceptance under any acceptance credit facility or dematerialised

	equivalent;
	(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, in accordance with the Hong Kong Financing Reporting Standards, 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) shares which are expressed to be redeemable;
	(i) 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
	(j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;
“Group”	the Company and its subsidiaries (as that term is defined in the Listing Rules);
“Guarantee”	the deed of guarantee to be given by the Guarantors in favour of the Security Trustee, substantially in the form set out in Schedule 3 ;
“Guarantors”	Max Access Limited and Rising Group International Limited being direct wholly-owned subsidiaries of the Company;
“HK\$” and “cents”	Hong Kong dollars and cents, respectively;
“Law”	all laws, regulations, codes, rules, guidelines, notices, circulars, orders, judgments, decrees or rulings of any court, government, governmental authorities or regulatory authorities;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Other Subscription Agreements”	various subscription agreements all of even date for the subscription of the Bonds (excluding the Subscription Bonds) entered into between the Company and various subscribers on terms no more favourable than those offered to the Subscriber under this Agreement, the total principal amount of which Bonds when aggregated with the principal amount of the Subscription Bonds is US\$ 80,000,000;
“Security Documents”	the Debentures, the Guarantee, the Share Charges, the Security Trust Deed and any other documents designated in writing as such by the Company and the Subscriber;
“Security”	the security interests from time to time constituted by or pursuant to, or evidenced by, the Security Documents;
“Security Trust Deed”	the security trust deed (substantially in the form set out in Schedule 4) to be entered into by the Security Trustee, the Subscriber, the subscribers under the Other Subscription Agreements, the Company, the Guarantors and the chargors under the Share Charges;
“Security Trustee”	Cheer Hope Holdings Limited(展望控股有限公司) acting in the capacity of the security trustee for the Bondholders;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shares”	ordinary shares of HK\$0.0025 each in the share capital of the Company existing as at the date of this Agreement;
“Share Charges”	the share charges substantially in the form set out in Schedule 5 to be given in favour of the Security Trustee by <ul style="list-style-type: none"> (a) the Company over the entire issued share capital of Rising Group International Limited, a company incorporated in the BVI; (b) Max Access Limited over the entire issued share capital of China Smarter Energy Investment Limited, a company incorporated in Hong Kong; and (c) Surplus Basic Limited over the entire issued share capital of Rander International Limited, a company incorporated in the BVI;

“Solar Business”	the business of acquiring and/or developing and/or operating and/or disposal of photovoltaic power stations of all sizes and activities ancillary thereto (including without limitation to the generality of foregoing the provision of on-line financing services in the smarter energy sector);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Group Company”	any of the Company, the Guarantors, the chargors under the Share Charges and the companies whose shares are the subject of the Share Charges;
“Subscription”	the proposed subscription of the Subscription Bonds by the Subscriber or its nominee as contemplated under this Agreement;
“Subscription Bonds”	the Bonds in the aggregate principal amount of US\$10,000,000;
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers;
“Transaction Documents”	this Agreement, the Other Subscription Agreements, the Bond Instrument, the Certificates, each of the Security Documents, any other documents designated in writing as such by the Company and the Subscriber as amended, supplemented and/or varied from time to time, and any other agreements, deeds, instruments or certificates executed or entered into pursuant to or in connection with any of the foregoing as amended, supplemented and/or varied from time to time;
“US\$”	United States dollars, Lawful currency of United States of America; and
“Warranties”	the representations, warranties and undertakings contained in Clause 5.

- (B) In this Agreement, unless the context otherwise requires, any reference to a “Clause” or a “Schedule” or an “Annexure” is a reference to a clause or a schedule or annexure to this Agreement and, unless otherwise indicated, a reference to a Clause includes all the sub-Clauses of that Clause.
- (C) In this Agreement, words importing the singular include the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) In this Agreement, references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments

(whether with or without modification) and any subordinate legislation made under such provisions, and references to time are to Hong Kong time.

2. SUBSCRIPTION OF THE BONDS

- (A) Subject to fulfilment of the Conditions Precedent and the provisions of this Agreement, the Subscriber shall subscribe for or procure the subscription of and the Company agrees to issue for cash at the principal amount of the Subscription Bonds payable at Completion, free from all Encumbrances.
- (B) The Subscriber shall pay to the order of the Company the subscription price for the Subscription Bonds in accordance with the provisions set out in Clause 4(B).
- (C) The Company shall apply the proceeds from the issue of the Subscription Bonds (net of expenses) in and towards acquisition and/or funding the cash requirements of the Solar Business.

3. CONDITIONS PRECEDENT

- (A) The obligations of the parties hereto with respect to the issue and subscription of the Bonds are conditional upon:-
 - (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares based on the initial conversion price of the Bonds;
 - (ii) the obtaining of all necessary consents and waivers from the holder of the 2016 Convertible Bonds in respect of the issue of the Bonds and the transactions contemplated in this Agreement and the Other Subscription Agreements (including but not limited to waiver of the right of first refusal to which such holder of the 2016 Convertible Bonds is entitled).
- (B) The obligations of the Subscriber with respect to the subscription of the Bonds are also conditional upon:-
 - (i) the Subscriber being satisfied with the business (including future projects, prospects, business strategy, development and investment scope and business plan), technical, legal, financial, accounting and tax due diligence investigations with respect to the Group and the companies which the Subscriber intends to invest in for the purpose of completion of the subscription for the Bonds and the entering into of the transactions contemplated under the Transaction Documents;
 - (ii) the Subscriber having obtained all necessary internal approvals, including but not limited to the approval from its investment committee or the investment committee of its holding company (if applicable) in respect of the subscription of the Bonds as set forth in this Agreement.

- (C) If the Conditions Precedent provided in Clauses 3(A) are not fulfilled on or before 31 August 2015 (or such later date as may be agreed between the Subscriber and the Company in writing), this Agreement shall thereupon lapse and become null and void and the parties will be released from all obligations hereunder except for those under Clauses 8 to 12, save for any liability arising out of any antecedent breaches hereof.
- (D) The Company shall use its reasonable endeavours to procure the fulfilment of the Conditions Precedent provided in Clause 3(A) as soon as possible and in any event on or before the date specified in Clause 3(C). The Company shall notify the Subscriber as soon as practicable after it becomes aware of fulfilment of these Conditions Precedent.
- (E) In relation to the Condition Precedent provided in Clauses 3(B)(i), the Company shall promptly provide the information and documents requested by or on behalf of or for the Subscriber for the purpose of the due diligence investigations referred to therein and render cooperation required by the Subscriber for facilitating fulfilment of such Condition Precedent.

4. COMPLETION

- (A) Subject to the fulfilment of the Conditions Precedent, Completion shall take place at 3 p.m. on the 5th Business Day next following the date of fulfilment of the Conditions Precedent last in time to be fulfilled (or such other date and time as the parties hereto and the parties to the Other Subscription Agreements may agree in writing), at the principal office of the Company in Hong Kong (or such other place as the Company and the Subscriber may agree in writing) to the intent that Completion of the Subscription and completion of the subscription of the Bonds under the Other Subscription Agreements shall take place at the same time and place.
- (B) At Completion all (but not some only) of the following business shall be transacted:-
 - (a) the Company shall deliver to the Subscriber:-
 - (i) a certified copy of the resolution of the board of directors of the Company (or a duly authorised committee thereof) approving and authorising the execution and issue of the Bonds pursuant to this Agreement, the execution of the Transaction Documents to which it is party;
 - (ii) a certified copy of the resolutions of the board of directors and shareholders of each of the parties to the Security Documents (other than the Company, the Security Trustee, the Subscriber and the subscribers of the Other Subscription Agreement) approving and authorising the Security Documents to which it is party and the execution thereof ;
 - (iii)
 - (a) a counterpart of each Security Documents to which the Subscriber is party, duly executed by each security party (other than the Security Trustee, the Subscriber and subscriber of Other Subscription Agreement);
 - (b) a certified true copy of the Bond Instrument duly executed by the Company and of each Security Documents to which the

Subscriber is not a party, duly executed by each security party (other than the Security Trustee, the Subscriber and subscriber of Other Subscription Agreement);

- (c) (if the Subscriber also acts as Security Trustee immediately upon Completion) a counterpart of each Security Documents to which the Security Trustee is party, duly executed by each security party (other than the Security Trustee, the Subscriber and subscriber of Other Subscription Agreement) and a certified true copy of the Bond Instrument;
 - (iv) legal opinions in form and substance satisfactory to the Subscriber (acting reasonably) issued by lawyers practising the law of the place of incorporation of each of the Company, the Guarantors, the chargors under the Share Charges (each a “**Security Party**”) and the companies that issue the shares to be charged under the Share Charges (each a “**Target Charge Company**”) regarding the due incorporation and valid existence of that Security Party and all the Target Charge Companies, the due execution and enforceability against that Security Party of the Transaction Documents (other than this Agreement and the Other Subscription Agreements) to which that Security Party is party and by the Hong Kong lawyers of the Company regarding the legality validity and enforceability of the Transaction Documents from the perspective of Hong Kong law;
 - (v) a certificate signed by a director of the Company in favour of the Subscriber that the Warranties are true, accurate and not misleading as at Completion; and
 - (vi) the certificate representing the Bonds duly issued in favour of the Subscriber;
- (b) the Subscriber shall deliver to the Company:-
- (i) a certified copy of the board resolution of that Subscriber approving and authorising the subscription of the Bonds; and
 - (ii) payment in the amount equal to the aggregate principal amount for the Subscription Bonds (less an amount equal to the interest payable for the First Interest Period in respect of the Bonds and the amount payable by the Company under Clause 10(A)) by delivery to the Company of a cashier’s order issued by a licensed bank in Hong Kong made payable to the Company or by telegraphic transfer/CHATS for value on the date of Completion to such bank account held with a bank in Hong Kong as may be notified by the Company to the Subscriber at least two Business Days before the Completion;
- (c) the Subscriber shall procure the Security Trustee to execute and deliver to the Company the Security Documents to which the Security Trustee is party.

- (C) Neither the Company nor the Subscriber shall be obliged to proceed to Completion if the Other Subscription Agreements cannot be completed at the same time. Accordingly, if any of the Other Subscription Agreements cannot be completed at the same time, the Company or the Subscriber may by notice in writing to the other elect to: -
- (a) defer Completion to a date not more than 28 days after the said date (and so that the provision of this Clause 4 (except this Clause 4(C)) shall apply to Completion as so deferred); or
 - (b) terminate this Agreement without any liability on the part of the Company (except if the non completion of the Other Subscription Agreements is by reason of the default of the Company) and on the part of the Subscriber.
- (D) In the event that the Company or the Subscriber (as the case may be) terminates this Agreement pursuant to clause 4(C), all obligations of each of the parties under this Agreement (other than the provisions of Clauses 8 to 12); shall cease and determine and neither party shall have any claim against any other party in respect of any matter arising out of or in connection with this Agreement except for any breach arising prior to such termination.

5. COMPANY'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (A) The Company hereby represents, warrants and undertakes to the Subscriber that as at the date hereof and as at Completion:-
- (i) each of the Subject Companies is duly incorporated and will be validly existing under its place of incorporation as a limited liability company with power to carry on its business as it is now being conducted and to own its assets;
 - (ii) subject to the fulfillment of the conditions set out in Clause 3(A), the execution and performance of this Agreement do not contravene and are not inconsistent or in conflict with, any provision of its constitutional documents or any applicable enactment, law, decree, order, regulation, authorisation, franchise, consent, permit, security, instrument, agreement or document binding upon or affecting it or any of its undertaking, property, assets or rights;
 - (iii) it has full power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and (where relevant, subject to the fulfillment of the Conditions Precedent) all corporate and other actions required to authorise its execution of this Agreement and its performance of its obligations hereunder have been duly taken and this Agreement is a legal, valid and binding agreement on it, enforceable in accordance with its terms;
 - (iv) subject to the relevant law of bankruptcy, insolvency and law of similar nature, the obligations of the Company under this Agreement are and will at all times constitute direct, unconditional, unsecured, unsubordinated and general obligations of, and will rank at least pari passu with, all other present and future outstanding unsecured obligations of the Company;

- (v) the Conversion Shares will, when issued, be duly and validly issued and fully paid, free from all liens, claims, equities, charges, encumbrances or third party rights of whatsoever nature, and rank equally with all other Shares then in issue;
- (vi) no litigation, liquidation, arbitration or administrative proceedings are current or, to its knowledge, pending or threatened against, which might, if adversely determined, have or may reasonably be expected to have a material adverse effect on the business or financial condition of the Group as a whole or the ability of the Company to perform or discharge any of its obligations under the Transaction Documents;
- (vii) it is not necessary to file, register or record any Transaction Document in any public place or elsewhere, except that the Share Charges and the Debentures may be delivered for registration/filing in Hong Kong, Bermuda and the BVI under the companies laws of those jurisdiction;
- (viii) no deduction for or on account of tax is required under the laws of Hong Kong to be made from any payment it may make under any Transaction Document;
- (ix) it is not necessary under the laws of Hong Kong, Bermuda or the BVI that the Transaction Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction except for court filings, in the ordinary course of proceedings or the delivery of the Share Charges and the Debentures for registration referred to in Clause 5(A)(vii), for the issue of the Bonds on the carrying out of the transaction contemplated by the Transaction Documents, or that any stamp, registration or similar tax be paid on or in relation to:
 - (a) the execution or delivery of the Transaction Documents or the transactions contemplated by the Transaction Documents; and
 - (b) the creation or issue of the Subscription Bonds;
- (x) it and each member of the Group has duly and punctually paid and discharged all taxes imposed upon it or any member of the Group or any of its or any member of the Group's assets within the time period allowed without incurring any penalties which individually or in aggregate have a material adverse effect on the business or financial condition of the Group as a whole;
- (xi) it and each member of the Group has, in a timely manner, filed all tax returns that are required to be filed, and all such tax returns are true, complete and accurate in all material respects and have been prepared in compliance in all material respects with the applicable laws;
- (xii) subject to fulfilment of the Conditions Precedent, the issue of the Subscription Bonds or the entry into, the performance of, or any transaction contemplated by, any Transaction Document will not result in a default under any agreement or instrument which is binding on it or any member of the Group;
- (xiii) all information in writing supplied by the Company or any member of the Group to the Subscriber in connection with the transactions contemplated under

this Agreement is true, complete and accurate in all material respects as at the date it was given and is not misleading in any material respect;

- (xiv) the Company's audited consolidated financial statements for the year ended 31 March 2015 (published on website of the Stock Exchange) were prepared in accordance with the Hong Kong Financing Reporting Standards and give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015;
- (xv) there has been no material adverse change in the Group's business or financial condition (or the business or consolidated financial condition of the Group) since the date on which the Company's latest audited consolidated financial statements have been prepared;
- (xvi) if any proceedings taken place in Hong Kong, the BVI or Bermuda in relation to the Transaction Documents, the Company will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.
- (xvii) the Company and each member of the Group has valid title to, or valid leases or licenses of, and all appropriate authorisations to use, the assets necessary to carry on its business as presently conducted;
- (xviii) no action has been or will be taken in any jurisdiction by the Company that would permit a public offering of the Subscription Bonds or possession or distribution of any information or any other offering or publicity material relating to the Subscription Bonds in any country or jurisdiction where action for that purpose is required;
- (xix) the Company is a "foreign issuer" (as such term is defined in Regulation S under the Securities Act) which reasonably believes that there is no "substantial US market interest" (as such term is defined in Regulation S under the Securities Act) in the Subscription Bonds or any securities of the same class or series as the Subscription Bonds and the Company, its affiliates (as defined in under Rule 501(b) of Regulation D under the Securities Act) and any person acting on its or their behalf have complied with and will comply with the offering restrictions requirement of Regulation S under the Securities Act;
- (xx) neither the Company nor any of its affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on behalf of any of them has engaged or will engage in any "directed selling efforts" (as defined in Regulation S under the Securities Act) with respect to the Subscription Bonds;
- (xxi) neither the Company nor any of its affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on behalf of any of them has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, what would under any applicable law be, or deemed to be, the stabilisation or manipulation of the price of any security to facilitate the sale or resale of the Subscription Bonds;

- (xxii) neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), nor any person acting on behalf of any of them has taken or will take any action that would require the registration of the Subscription Bonds under the Securities Act;
- (xxiii) the Company and each member of the Group has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintains as at the date of this Agreement policies and procedures designed to promote and achieve compliance with such laws;
- (xxiv) none of the Company, any of its directors, subsidiaries, affiliates, nor their respective officers, employees, representatives or agents has, directly or indirectly, made or authorized (A) any contribution, payment or gift of funds or property to any official, employee or agent of any authority, or any candidate for public office, in Hong Kong, the PRC or any other jurisdiction, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under any applicable law, rule, or regulation, or (B) any bribe, rebate, payoff, influence payment, kickback or other unlawful payment in connection with the business activities of the Company or member of the Group, and without prejudice to the foregoing, neither the Company or member of the Group nor any director or affiliate of the Company or member of the Group, nor their respective officer, agent or employee has taken any action, directly or indirectly, that would result in a violation by such persons of any applicable anti-bribery or anti-corruption law or regulation enacted in any jurisdiction, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or the UK Bribery Act 2010 and the Company and the other members of the Group have instituted and maintain policies and procedures designed to ensure compliance with applicable laws relating to anti-bribery in the jurisdictions in which the Company or the Group conducts its business;
- (xxv) the operations of the Company and each member of the Group are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting and other requirements of the anti-money laundering laws of all jurisdictions which the Company or member of the Group conducts business (collectively, the "anti-Money Laundering Laws"), and no action, suit or proceedings, nor, investigation or inquiry, by or before any authority involving any member of the Group with respect to the anti-Money Laundering Laws is pending, contemplated or threatened;
- (xxvi) none of the Company or any member of the Group nor any of its directors, officers, employees, affiliates or agents, nor any person acting on behalf of any of them, is currently subject to any of the Sanctions Laws and Regulations (as defined below) (as used herein, "Sanctions Laws and Regulations" means (i) any U.S. sanctions related to or administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (including, without limitation, the designation as a "specially designated national or blocked person" thereunder), (ii) any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the U.S. Trading With the Enemy Act, the

U.S. International Emergency Economic Powers Act, the U.S. United Nations Participation Act or the U.S. Syria Accountability and Lebanese Sovereignty Act, all as amended, or any of the foreign assets control regulations of the U.S. Department of the Treasury (including, without limitation, 31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto and (iii) any sanctions measures imposed by the United Nations Security Council or European Union);

- (xxvii) there have been no transactions or connections between the Company or any member of the Group, on the one hand, and any country, territory, person or entity subject to sanctions under any of the Sanctions Laws and Regulations or any person or entity in those countries or territories or which performs contracts in support of projects in or for the benefit of those countries or territories, on the other hand;
 - (xxviii) the Company will not, directly or indirectly, use, lend, contribute or otherwise make available the proceeds from the transaction contemplated hereunder to any member of the Group or other person or entity, for the purpose of financing any activities or business of or with any person or entity, or of, with or in any country or territory, that is subject to any Sanctions Laws and Regulations, or in any other manner that will result in a violation of any of the Sanctions Laws and Regulations;
 - (xxix) none of the issue of the Subscription Bonds, the execution, delivery and performance of this Agreement, or the consummation of the transaction contemplated of the Transaction Documents by the Company will result in a violation of any of the Sanctions Laws and Regulations;
 - (xxx) the Company is not a Foreign Account Tax Compliance Act (FATCA) foreign financial institution (FFI) or a "US Tax Obligor" (as such term is defined in FATCA);
 - (xxxi) save as previously disclosed to the Subscriber or in the financial information published by the Company for the year ended 31 March 2015, no security interest exists over all or any of the present or future assets of the Company or any member of the Group other than any security interest permitted under the Transaction Documents;
 - (xxxii) save as previously disclosed to the Subscriber or in the financial information published by the Company for the year ended 31 March 2015, neither the Company nor any member of the Group has any Financial Indebtedness outstanding that would, upon execution and delivery of the Transaction Documents, result in a breach of some or all of the Transaction Documents;
 - (xxxiii) each Security Document validly created the Security which is expressed to be created by that Security Document and evidences the Security it is expressed to evidence.
- (B) The representations and warranties set out in Clause 5(A) are given as at the date hereof and shall be deemed to be repeated by Company on Completion as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The

Company undertakes up to and until completion of this Agreement or its earlier termination to notify the Subscriber of any matter or event coming to its attention prior to the date of Completion which would or would reasonably be considered to render or have rendered any of the representations and warranties made or deemed to be repeated by it set out in Clause 5(A) untrue, inaccurate or misleading in any material respect.

- (C) At any time before any Event of Default (as defined in the Instrument) has occurred and for so long as the Subscriber holds Bond(s) with total outstanding principal amount of no less than US\$10,000,000, the Company shall, as soon as practicable after the receipt of a request in writing from the Subscriber, deliver to the Subscriber an EOD Certificate provided that the Company shall not be required to supply more than one EOD Certificate to the Subscriber for each 3 months' period with the first commencing from the Issue Date or (after the occurrence of an Event of Default) not more frequently than once every two weeks.

6. SUBSCRIBER'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (A) The Subscriber hereby represents, warrants and undertakes to the Company that as at the date hereof and as at Completion:-

- (i) it is duly incorporated and validly existing under the laws of the place of its incorporation, is not in liquidation or receivership and with power and authority to conduct its business in the manner presently conducted;
- (ii) it has full power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and (where relevant) all corporate and other actions required to authorise its execution of this Agreement and its performance of its obligations hereunder have been duly taken and this Agreement is a legal, valid and binding agreement on it, enforceable in accordance with its terms;
- (iii) the obligations of the Subscriber under this Agreement are and will at all times constitute direct, unconditional, unsecured, unsubordinated and general obligations of, and will rank at least pari passu with, all other present and future outstanding unsecured obligations of the Subscriber;
- (iv) it does not hold any Shares or convertible securities of the Company or relevant interests except pursuant to this Agreement;
- (v) the execution, delivery and performance of this Agreement by it do not contravene and is not inconsistent or in conflict with, any provision of its constitutional documents or any applicable Law;
- (vi) all information provided and/or to be provided by the Subscriber to the Company for inclusion in the Announcement including, but not limited to, the description of the Subscriber and its ultimate owner is and will be true, accurate and complete in all aspects; and
- (vii) the Subscriber acknowledges that no action has been or will be taken in any jurisdiction by the Company that would permit a public offering of the Subscription Bonds or the possession or distribution of any information or any

other offering or publicity material relating to the Subscription Bonds in any country or jurisdiction where action for that purpose is required and accordingly, the Subscriber has not and will not engage in any “directed selling efforts” with respect to the Bonds or take any steps that would cause a breach of warranties in Clause 5.1(A) (xix) to (xxii).

- (B) The representations and warranties set out in Clause 6(A) are given as at the date hereof and shall be deemed to be repeated by the Subscriber on Completion as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The Subscriber undertakes up to and until completion of this Agreement or its earlier termination to notify the Company of any matter or event coming to its attention prior to the date of Completion which would or would reasonably be considered to render or have rendered any of the representations and warranties made by it set out in Clause 6(A) untrue, inaccurate or misleading in any material respect.

7. TERMINATION

- (A) If before Completion:-

- (i) one or more liquidators (provisional or otherwise), administrator or any analogous officer for the winding up of any Subject Group Company is appointed in any jurisdiction whatsoever;
- (ii) an order to wind up the Company is made; or
- (iii) there is any breach of any of the Warranties made by any party or any event which has occurred or any matter which has arisen on or after the date of this Agreement and prior to Completion which if it had occurred or arisen before the date hereof would have rendered any of such Warranties untrue, inaccurate or misleading;

then the Subscriber (in respect of any event referred to in Clause 7(A) (i) or (ii)) or the non-defaulting party to this Agreement (in respect of the event referred to in Clause 7(A)(iii)) may without any liability elect not to complete the issue or subscription of the Bonds hereunder by giving notice of the same in writing to the other party to this Agreement.

- (B) If a non-defaulting party validly elects not to complete the subscription of the Bonds as a result of any of the circumstances mentioned in Clause 7(A), this Agreement shall be terminated (other than the provisions of Clauses 8 to 12 which shall survive); and subject thereto, none of the parties shall have any liability to the others save for any antecedent breach of the terms hereof.

8. CONFIDENTIALITY

- (A) No announcement and/or no public disclosures (other than the Announcement and any public disclosures required by Law, the Stock Exchange or the SFC) on any matter concerning or connected with this Agreement or the Company or any matter ancillary thereto shall be made without the prior written approval of both parties. So far as reasonably practicable, each party shall in good faith consult as to the content, manner of making, and timing of any such announcement (whether one made with the approval or one required by Law) and each party shall comply with such requests in respect

thereof as the other party shall reasonably make.

- (B) Each party agrees that it shall not either during the continuance of this Agreement or at any time thereafter disclose or divulge to any person (other than its legal and financial advisors for the purpose of the party's evaluation or performance of the transactions contemplated under this Agreement) whatsoever or use or exploit for its own purpose or benefit or for the purpose or benefit of any other person, firm or corporation any confidential information relating to the other party or to any of the respective clients or business contacts of any such party which may have been provided by or on behalf of that other party in connection with this Agreement (except to the extent such information is in the public domain other than due to its default or such disclosures are required by or for the purposes of compliance with legal obligations to which that party or its holding company is subject).

9. NOTICES

Any notice required or permitted to be given by or under this Agreement shall be in writing and shall be given by delivering it to the relevant party's address or facsimile number shown below:-

If to the Company to:

Address : Room 2004-5, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Facsimile : +852 2344 9392
Attention : The Board of Directors

If to the Subscriber to:

Address : 7/F Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong
Facsimile : +852 3979 2800
Attention : Mr. Tony Wang

or to such other address or facsimile number as the party concerned may have been notified to the other party pursuant to this Clause and may be given by sending it by hand to such address or by facsimile transmission to such facsimile number, or to such other address or facsimile number as the party concerned may have notified to the other party in accordance with this Clause. Such notice shall be deemed to be served on the day of delivery or facsimile transmission (or, if the day of delivery or transmission is not a Business Day or if the delivery or transmission is made after 5:00 p.m. Hong Kong time, deemed to be served on the immediately following Business Day) or, if sooner, upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

10. COSTS AND EXPENSES

- (A) Each party shall bear its own costs and expenses incurred by it in connection with the preparation, negotiation and settlement of this Agreement, except that the Company shall pay HK\$162,500 in and towards the legal costs and expenses of the Subscriber incurred for such purposes.

- (B) Capital fees or stamp duty (if any) relating to the issue and delivery of the Bonds shall be borne by the Company.

11. GENERAL

- (A) The Company shall notify the Subscriber of any public announcement or communication to the press or the shareholders of the Company concerning the Company and/or any member of the Group, made by or on behalf of the Company between the date hereof and the date of Completion, which is material in relation to the Subscription.
- (B) Any time, date or period mentioned in this Agreement may be extended by agreement between the Company and the Subscriber but, as regards any time, date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.
- (C) No failure or delay by a party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a party of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.
- (D) Neither party hereto shall assign any of its rights under this Agreement (all of which shall be incapable of assignment without the prior written consent of the other) or purport to do so. This Agreement shall be binding on and enure for the benefit of each party's successors and permitted assigns.
- (E) This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which when executed shall constitute an original and all of which when taken together shall constitute one and the same document.
- (F) This Agreement constitutes the entire agreement between the parties with respect to its subject matter (neither party having relied on any representation or warranty made by the other party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the parties.
- (G) This Agreement supersedes all and any previous agreements, arrangements or understandings between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- (H) If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- (I) Each party shall on demand of the other do or execute or procure to be done or executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

12. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection herewith but this Agreement may be enforced in any court of competent jurisdiction.

IN WITNESS whereof this Agreement has been duly executed on the date first above written.

SCHEDULE 1

FORM OF BOND INSTRUMENT

THIS INSTRUMENT by way of deed poll is executed on 2015 by CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED, a company incorporated in Bermuda whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at Room 2004-2005, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (the "Issuer")

WHEREAS:-

- (A) the Issuer has by resolution of the Directors passed on [●] 2015 authorised the creation and issue of the Bonds to be issued in authorised denominations, and convertible into Conversion Shares at the initial conversion price of HK\$1.0891 per Conversion Share, subject to adjustment;
- (B) the Bonds are guaranteed under the Deed of Guarantee and secured by the Share Charges and the Debentures; and
- (C) the Issuer has determined to execute this Instrument by way of deed poll in order more effectively to provide for and to protect the rights and interests of the holders for the time being of the Bonds.

NOW THIS INSTRUMENT WITNESSETH and the Issuer hereby declares as follows:-

1. DEFINITIONS

- 1.1 In this Instrument, unless the context otherwise requires terms defined above are used with these defined meanings, and:-

"**authorised denominations**" means [US]\$[1,000,000] or integral multiples thereof;

"**Bonds**" means the 6% coupon convertible bonds from time to time issued and outstanding due 2018 constituted by this instrument (as from time to time supplemented or amended, this "**Instrument**") with the benefit of and subject to the provisions of these Conditions; and "Bond" shall be construed accordingly;

"**Bondholder**" means at any time in respect of any Bond, the person who then appears on the Register as the holder of the Bond;

"**Business Day**" means a day on which banks in Hong Kong are open for business, excluding a Saturday or Sunday;

"**CCASS**" means the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited;

"**Certificate**" has the meaning ascribed to it in Condition 2.2;

"**Conditions**" means the terms and conditions of this Instrument (as amended from time to time as set out herein), and "**Condition**" refers to the relative numbered paragraph of the Conditions;

"**connected person**" has the meaning ascribed to it in the Listing Rules;

"**Conversion Date**" means any date on which the Conversion Rights (or any of them) are exercised in accordance with Condition 9.1;

"**Conversion Notice**" has the meaning ascribed thereto in Condition 9.1;

"**Conversion Period**" means the period commencing on the Issue Date up to and including the date which is 7 days prior to the Maturity Date;

"**Conversion Price**" means HK\$1.0891 per Share (subject to adjustments pursuant to the Conditions);

"**Conversion Rights**" in respect of a Bond means the rights to convert the principal amount (or any part thereof in authorised denominations) of that Bond into Shares at the Conversion Price;

"**Conversion Shares**" means the Shares to be issued by the Issuer upon exercise by the Bondholder of the Conversion Rights, and "**Conversion Share**" shall be construed accordingly;

"**Debentures**" means the debentures dated [●] in favour of the Security Trustee created by the chargors under the Share Charges in favour of the Security Trustee as amended, supplemented and/or varied from time to time;

"**Deed of Guarantee**" means the deed of guarantee and indemnity dated [●] given by the Guarantors in favour of the Security Trustee as amended, supplemented and/or varied from time to time;

"**Default Redemption Notice**" has the meaning ascribed to it in Condition 11.1;

"**Encumbrance**" means a mortgage, charge, lien or other encumbrance or security interest securing any obligation of any person, or any other third party rights of any nature;

"**First Interest Period**" has the meaning ascribed to it in Condition 4.1;

"**Guarantors**" means Max Access Limited and Rising Group International Limited being wholly-owned subsidiaries of the Issuer;

"**Group**" means the Issuer and its subsidiaries;

"**HK\$**" or "**Hong Kong dollars**" and "**cents**" mean Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong;

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

"**holding company**" has the meaning ascribed to it in the Listing Rules;

"**Interest Rate**" means 6% per annum;

"**Interest Payment Date**" means the date on which interest accruing on the Bonds becomes payable in accordance with Condition 4.1;

"**Issue Date**" in respect of a Bond, means [●] 2015 or (in respect of any further Bonds issued pursuant to Condition 17.2) as specified in any deed poll delivered pursuant to Condition 17.2;

"**Listing Rules**" means the Rules Governing the Listing of Securities on the Stock Exchange;

"**Material Adverse Effect**" means a material and adverse effect on the business, financial condition or prospects of the Group as a whole;

"**Maturity Date**" means [*to insert the date immediately before the third anniversary of the date of issue of the Bonds*] or, if that is not a Business Day, the first Business Day thereafter;

"**Ordinary Resolution**" has the meaning ascribed to it in Annexure IV of this Instrument;

"**Redemption Amount**" means an amount equal to the sum of (i) the principal amount outstanding of the Bond in respect of any principal amount of any Bond being redeemed; (ii) interest accrued thereon pursuant to Condition 4.2 then remaining unpaid; (iii) a further sum (if any) that would result in a total internal rate of return to that Bondholder as at the date of redemption of 10 per cent. per annum from the Issue Date on the principal amount outstanding of the Bonds to be redeemed (inclusive, for the avoidance of doubt, of interest paid or payable to that Bondholder under Condition 4 but exclusive of administrative fees and interest payable under Condition 11.3); and (iv) any accrued but unpaid interest under Condition 11.3;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other similar instruments securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Register**" the register of holder of Bonds to be maintained in Bermuda by the Issuer pursuant to Condition 2.2;

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"**Security Documents**" means the Share Charges, the Guarantee, the Debentures, the Security Trust Deed and any other document designated in writing as such by the Issuer and the Bondholder, and such other documents as may be executed by any other Person from time to time creating Security for the Obligations (as defined in the Security Trust Deed);

"**Security Trust Deed**" means the security trust deed dated [●] 2015 entered into by, amongst others, the Security Trustee, the Issuer, the Guarantors and the chargors under the Share Charges in relation to the appointment of Security Trustee as trustee of the security to be created for the Bonds as amended, supplemented and/or varied from time to time;

"**Security Trustee**" means Cheer Hope Holdings Limited (展望控股有限公司) acting in the capacity of the initial security trustee for the Bondholders;

"**Share(s)**" means the ordinary share(s) of HK\$0.0025 each in the share capital of the Issuer existing on the date of issue of the Bond and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;

"**Share Charges**" means [the share charges as amended, supplemented and/or varied from time to time dated [●] 2015 given in favour of the Security Trustee by: -

- (a) the Issuer over the shares representing the entire issued share capital of Rising Group International Limited;
- (b) Max Access Limited over the shares representing the entire issued share capital of China Smarter Energy Investment Limited; and
- (c) Surplus Basic Limited over the shares representing the entire issued share capital of Rander International Limited;

"**Share Option Scheme**" means any scheme approved in general meeting by the shareholders of the Issuer for the issue or grant to the Directors or employees or consultants of the Issuer and/or any subsidiary of Shares or options to subscribe for Shares;

"**Solar Business**" means the business of acquiring and/or developing and/or operating and/or disposal of photovoltaic power stations of all sizes and activities ancillary thereto (including without limitation to the generality of foregoing the provision of on-line financing services in the smarter energy sector);

"**Special Resolution**" has the meaning ascribed to it in Annexure IV of this Instrument;

"**Specified Office**" means the principal office of the Issuer for the time being in Hong Kong or any other office as may be notified by the Issuer to the Bondholders in accordance with Condition 15;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**Subscription Agreements**" means various subscription agreements in relation to the Bonds dated [*] 2015 entered into by the Issuer with the subscribers thereunder for the issue of Bonds in the aggregate principal amount of US\$80,000,000, as amended, supplemented and/or varied from time to time;

"**subsidiary**" has the meaning ascribed to it in the Listing Rules;

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

"**Trading Day**" means a day on which securities can be freely traded on the Stock Exchange during the whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur;

"**Transaction Documents**" means (i) this Instrument, (ii) the Certificates, (iii) each of the Security Documents, (iv) the Subscription Agreement, and (v) any other document designated in writing as such by the Issuer and the Bondholder as amended, supplemented and/or varied from time to time, and (vi) any other agreements, deeds, instruments or certificates executed or entered into pursuant to or in connection with any of the foregoing as amended, supplemented and/or varied from time to time;

"**Transfer Form**" has the meaning ascribed thereto in Condition 3.4(a);

"**Transferor**" has the meaning ascribed thereto in Condition 3.4(a);

“US\$” means United State dollars, the lawful currency of the United States of America.

- 1.2 The expressions "**Issuer**" and "**Bondholder**" in this Instrument shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them provided, however, that the Issuer shall not be permitted to assign or transfer any of its obligations under or in respect of this Instrument except in accordance with the Conditions.
- 1.3 Condition headings are inserted in this Instrument for reference only and shall be ignored in construing this Instrument and the Conditions.
- 1.4 Unless the context otherwise requires in this Instrument, words in the singular include the plural, and vice versa; words importing one gender include the other gender and the neuter and vice versa; and a reference to a person includes a reference to a body corporate and to any unincorporated body of persons.
- 1.5 In these Conditions, unless otherwise specified or unless the context otherwise requires references to the "issue" of Shares shall include the transfer and/or delivery of Shares by the Issuer or any of its subsidiaries, whether newly issued and allotted or previously existing, and Shares held by the Issuer or any of its subsidiaries shall not be considered as or treated as "in issue".
- 1.6 For all purposes under these Conditions, the exchange rate between HK\$ and US\$ shall be US\$1.00 to HK\$7.78.

2 CREATION AND STATUS

- 2.1 The Issuer hereby creates pursuant to the authority of resolution passed at a meeting of the Directors held on [●] 2015 US\$80,000,000 principal amount of the Bonds issuable in authorised denomination each, convertible into new Shares at the initial Conversion Price of HK\$[●] per new Conversion Share, subject to adjustments set out herein (and for the avoidance of doubt may create and issue further bonds as contemplated by Condition 17.2).
- 2.2 The Bonds shall be in registered form in authorised denominations. A single certificate (each, a "**Certificate**") shall be issued to each Bondholder in respect of its entire registered holding of Bonds substantially in the form set out in Annexure I. Each Certificate shall have an identifying number which shall be recorded on the relevant Bond and in the Register. The Bonds are not issuable in bearer form.
- 2.3 The Issuer shall cause to be kept at its own expense outside Hong Kong a Register on which shall be kept the names, addresses (including its registered address and (if different) its correspondence address), facsimile numbers of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and conversions of Bonds.
- 2.4 The obligations of the Issuer arising under the Bonds constitute general, unsubordinated, direct, unconditional obligations of the Issuer secured by the Share Charges and the Debentures and guaranteed under the Deed of Guarantee and shall at all times rank equally among themselves and, subject to the terms of the Security Trust Deed, rank at least *pari passu* with all other present and future secured and unsubordinated obligations of the Issuer except for obligations accorded preference by mandatory provisions of applicable law. The obligations under the Bonds are incapable of being subordinated except with the written consent of the relevant Bondholder.
- 2.5 No application will be made for a listing of the Bonds on any stock exchange.
- 2.6 Each Bondholder shall (except as otherwise required by law) be treated as the absolute owner of the Bonds registered in its name for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of the

Bond issued in respect of it) and the Issuer shall not be obliged to recognise any interest in any Bond other than the absolute and exclusive interest of the relevant Bondholder.

- 2.7 The Issuer shall, subject as hereinafter provided, be at liberty from time to time to issue further bonds, notes and other securities, including but not limited to notes ranking *pari passu* and/or fungible with the Bonds.

3 TRANSFER

- 3.1 The Bonds may (subject to the provision of this Condition 3) be transferred to any person.
- 3.2 Without prejudice to the aforesaid any assignment and/or transfer of Bonds is subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; (2) the approval of the shareholders of the Issuer in a general meeting if so required under, and in compliance with, the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Issuer. A Bondholder shall not be in breach of this Condition 3.2 if it does not know, nor does it have reasonable cause to believe after having made due enquiries, that the transferee is a connected person of the Issuer.
- 3.3 Any assignment or transfer of a Bond shall be of the whole or any part (being an authorised denomination) of the outstanding principal amount of the Bond. Title to the Bonds passes only upon the entry on the Register of the relevant transfer. The Issuer shall use all reasonable endeavours to facilitate any such assignment or transfer of the Bonds, including but not limited to making any necessary applications to the Stock Exchange for approval, if required under the Listing Rules.
- 3.4 In relation to any assignment and/or transfer of a Bond permitted under or otherwise pursuant to this Condition 3:
- (a) A Bond (or any part thereof) may only be transferred by execution by the transferor and the transferee (or their duly authorised representatives) of a form of transfer ("**Transfer Form**") substantially in the form annexed hereto as Annexure II (or in such other form as may be approved by the Issuer, such approval not to be unreasonably withheld or delayed, either generally or on a case-by-case basis). In this Condition, "**Transferor**" shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
 - (b) The Certificate for the relevant Bond must be delivered to the Issuer for cancellation accompanied by: (i) a duly completed and executed (and if required, duly stamped) Transfer Form; (ii) proof satisfactory to the Issuer, acting reasonably, of the authority of the person or persons to execute and deliver the Bond and the related forms of transfer and (if relevant) contract notes and (if relevant) a copy of the constitutional document of such transferor; (iii) a written confirmation from the proposed transferee (or its duly authorised representative) that the proposed transferee is not a connected person of the Issuer (provided that this confirmation shall be waived in writing by the Issuer if the Bondholder is itself a connected person of the Issuer and the transferee is an associate as defined under the Listing Rules of that Bondholder); and (iv) a New Bondholder Accession Deed (as defined in the Security Trust Deed) duly executed by the proposed transferee. The Issuer shall, within three (3) Business Days of receipt of such documents from the Bondholder, cancel the existing Certificate and issue a new Certificate under the seal of the Issuer in favour of the transferee or assignee in respect of the outstanding principal of the Bond so transferred and, if only part of the principal amount of Bonds comprised in a Certificate is assigned or transferred in part only, issue a new Bond under the seal of the Issuer in favour of the transferor in respect of any balance thereof retained by the transferor Bondholder.

(c) Any new Bond certificate issued pursuant to Condition 3.4(b) shall be delivered by registered mail or delivered by hand, in each case at the risk of the holder entitled thereto, to the address specified (in the case of transferee) in the Form of Transfer or (in the case of the Transferor) in the Register as its correspondence address or (in the absence of which) its registered address, or (at the election of the Issuer) be made available for collection by the holder entitled thereto at the Specified Office.

3.5 Registration of transfers of Bonds in accordance with this Condition shall be effected without charge by or on behalf of the Issuer, but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any taxes, duties or other government charges which may be imposed in relation to such transfer.

3.6 The Issuer shall not be required to register the transfer of a Bond (or any part thereof) (i) during the period of 7 days up to and including the due date for any payment of principal or premium, if any, on that Bond; or (ii) in respect of which a Conversion Notice has been given in accordance with Condition 7.

3.7 Any legal and other costs and expenses (including any registration costs arising from the transfer of the Bonds) which may be incurred by the Issuer in connection with any transfer or assignment of any of the Bonds (or any part thereof) or any request therefor shall be borne by the Issuer.

4 INTEREST

4.1 Subject as hereinafter provided, interest will accrue on the principal amount of each Bond from (and including) the Issue Date thereof up to (and excluding) the Maturity Date or (if earlier) on redemption at the Interest Rate, payable except otherwise as specified below, semi-annually in arrears from (and including) the Issue Date up to (and excluding) the next to following [*to insert the last day of the six month period from the date of Completion*] or [*to insert the last day of the next six months*] in the same calendar year (the “**First Interest Period**”) and thereafter and from (and [including]) the last day of the First Interest Period on to the next following [●] and [●] in each year commencing on [●] 2016, provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which case the Interest Payment Date will be brought forward to the previous Business Day. Notwithstanding the foregoing, interest for the First Interest Period in respect of the Bonds to be issued on the Issue Date may be paid in advance pursuant to the relevant subscription agreement.

4.2 Interest payable on the Bonds shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

5 PAYMENTS

5.1 All payments by the Issuer in respect of the Bonds shall be made in US dollars for value on the due date to such bank account in Hong Kong as the Bondholder may notify the Issuer in writing from time to time (provided that any such notice shall be given no less than 3 Business Days prior to the date on which any payment is due to be made by the Issuer) or, in the absence of any such notice, by banker's draft to the relevant Bondholder to be delivered by registered post or by hand on the due date by the Issuer to the correspondence address or (in the absence of which) the registered address of that Bondholder in the Register at the risk of the Bondholder, provided in either case that the relevant Bondholder shall be responsible for any loss in respect of the Bond due to it giving inaccurate or late remittance instructions.

5.2 All payments by the Issuer in respect of the Bonds shall be made in US dollars in immediately available funds free and clear of any withholding or deduction for any present or future taxes,

imposts, levies, duties or other charge payable by the Issuer. If the Issuer is required by law to make any such deduction or withholding from any amount paid (except where such deduction or withholding represents tax on the income of the relevant Bondholder), the Issuer shall pay to the Bondholder such additional amount as shall be necessary so that the Bondholder receives an amount equal to the amount which it would have received if such withholding or deduction had not been made.

6 MATURITY/REDEMPTION

- 6.1 Subject as provided herein, the outstanding principal amount of the Bonds shall, unless previously converted into Shares or repaid in accordance with these Conditions, be repaid subject to and in accordance with these terms on the Maturity Date. The Bonds may not be repaid or otherwise redeemed other than in accordance with these Conditions.
- 6.2 Unless previously converted or purchased or redeemed in accordance with these Conditions, the Issuer shall redeem the Bonds on the Maturity Date at the Redemption Amount, whereupon those Bonds shall be cancelled and removed from the Register.
- 6.3 The Issuer shall have the right to redeem all or part (in authorised denominations) of the outstanding principal amount of Bonds at the Redemption Amount at any time on or after the first anniversary of the Issue Date and until the last day immediately preceding the Maturity Date by depositing a notice of redemption with the Bondholder at least thirty (30) days before the date of redemption (which notice may be given within thirty (30) days before the first anniversary of the Issue Date). Upon issue of such redemption notice in accordance with this Condition 6.3, the Conversion Right shall for the avoidance of doubt automatically cease. Upon such redemption those Bonds shall be cancelled and removed from the Register.
- 6.4 The Issuer or any of its subsidiaries may at any time and from time to time repurchase Bonds at any price as may be agreed in writing between the Issuer or such subsidiary and the relevant Bondholder. Any Bond so purchased shall forthwith be cancelled by the Issuer.
- 6.5 For the avoidance of doubt, the Bonds shall on payment being made by the Issuer in accordance with Condition 6.2 or (as the case may be) Condition 6.3 automatically be redeemed on the Maturity Date or pursuant to Condition 6.3, without any obligation on the Bondholder to surrender the relevant certificate(s) for cancellation or any other obligation on the part of any of the Bondholders, and the Issuer shall cause the Register to be updated accordingly.

7 CONVERSION

- 7.1 A Bondholder shall, subject to Condition 7.5, have the right at any time during the Conversion Period (irrespective of any prior service of a Default Redemption Notice pursuant to Condition 11.1 below but save as to any principal amount redeemed by the Issuer following such notice), in compliance with the provisions of Condition 9, require the Issuer to convert the whole or any part (in authorised denominations of the principal amount outstanding under the Bond) into Shares at the Conversion Price subject to adjustments as hereinafter described.
- 7.2 No fraction of a Share will be issued on conversion and no amount in lieu thereof shall be refunded to the relevant Bondholder provided, however, that if more than one Bond is to be converted at any one time by the same Bondholder such that the Shares to be issued upon conversion thereof are to be registered in the same name, the number of Shares which shall be issued upon conversion thereof shall be calculated on the basis of the aggregate principal amount of the Bonds so to be converted. Shares issued upon conversion shall be fully paid, free from any liens, charges, Encumbrances, pre-emptive rights or other third party rights and rank pari passu in all respects with all other Shares in issue on the Conversion Date and the

Bondholder shall be entitled, in respect of its Conversion Shares, to all dividends, and other distributions, rights or entitlements on the record date which falls after the Conversion Date.

- 7.3 The right of the Bondholder to repayment of the principal amount of the Bonds (or any part thereof), and premium (if any), being converted shall be extinguished and released upon exercise of the Conversion Rights in respect thereof.
- 7.4 The delivery to the Issuer of a Conversion Notice shall constitute a confirmation, representation and warranty by the relevant Bondholder to the Issuer that all governmental, regulatory or other (and thereby reducing) consents or approvals, other steps necessary to be obtained or taken by that Bondholder under any relevant law and the rules of any stock exchange to permit the relevant exercise and lawfully to acquire the Conversion Shares have been obtained or taken by it.
- 7.5 No Conversion Notice shall be effective (and the Issuer shall not be obliged to issue any Conversion Shares pursuant thereto) if:-
- (a) it is not accompanied by the Bond certificate(s) the subject of such Conversion Notice and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require); or
 - (b) (if the Conversion Right is exercised during the First Interest Period and interest has been paid in advance as contemplated in Condition 4.1) a cashier's order drawn on a bank licensed in Hong Kong for an amount equal to the interest paid at the rate specified in Condition 4.2 in respect of the principal amount of the Bonds being converted calculated from (and including) the Conversion Date up to (but excluding) the last day of the First Interest Period to the extent that interest has been paid in advance as contemplated in Condition 4.1, unless the Issuer elects (at its sole and absolute discretion) instead of requiring payment, immediately prior to conversion, to set off the amount so payable against (and thereby reducing) the principal amount of the Bonds being converted on a dollar for dollar basis.

8 ADJUSTMENTS

- 8.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following provisions. If the event giving rise to any such adjustment falls within more than one of sub-paragraphs (a) to (g) inclusive of this Condition 8.1, it shall be deemed to fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs provided that, if such event would be capable of falling within sub-paragraph (h), sub-paragraph (h) shall apply:
- (a) If and whenever there shall be an alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

- A = the number of Shares in issue immediately before such alteration; and
- B = the number of Shares in issue immediately after such alteration.

Each such adjustment shall be effective from the close of business in Hong Kong on the day on which the consolidation or sub-division or reclassification takes effect.

- (b) If and whenever the Issuer shall issue any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), other than an issue of Shares paid-up out of profits or reserves and issued in lieu of the whole or part of a specifically declared cash dividend or a Capital Distribution, the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

in each case, where:

C = the number of Shares in issue immediately before such issue; and

D = the number of Shares in issue immediately after such issue.

Each such adjustment shall be effective on the date of issue of such Shares.

- (c) If and whenever the Issuer shall make any Capital Distribution (as defined in Condition 8.2) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Issuer or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the Current Market Price for one Share on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date immediately preceding the date of the Capital Distribution or, as the case may be, of the grant; and

F = the Fair Market Value on the day of such announcement of the portion of the Capital Distribution or of such rights which is attributable to one Share,

Each such adjustment shall become effective on the date that such Capital Distribution is actually made.

- (d) If and whenever the Issuer shall issue to all or substantially all holders of Shares as a class, new Shares for issue or subscription by way of rights, or shall issue or grant to all or substantially all holders of Shares as a class any options or warrants or other rights to subscribe for new Shares, at a price that is less than [90]% of the Current Market Price (as defined in Condition 8.2) at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + \frac{H \times I}{J}}{G + H}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

H = the aggregate number of Shares so issued or, as the case may be, comprised in the grant;

- I = the amount (if any) payable for the Shares issued by way of rights, option or warrant and for the total number of Shares comprised therein;
- J = the Current Market Price of one Share on the trading day immediately prior to such announcement.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (if any).

- (e) (i) If and whenever the Issuer shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration per Share (as defined below) initially receivable for such securities is less than [90]% of the Current Market Price (as defined in Condition 8.2) at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total Effective Consideration for the securities issued would purchase at such Current Market Price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective on the date of issue of such securities.
- (ii) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (i) of this sub-paragraph (e) are modified so that the total Effective Consideration per Share (as defined below) initially receivable for such securities shall be (1) reduced and (2) less than [90]% of the Current Market Price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such Current Market Price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion rate or subscription price. Such adjustment shall become effective (if appropriate, retrospectively) as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purpose where it is adjusted to take account of rights or capitalisation issues and other events which have given rise to adjustment of the Conversion Price under this Condition 8, provided such corresponding adjustment has been made to the Conversion Price.

For the purpose of this sub-paragraph (e), the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Issuer for any such securities plus the additional minimum consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the “**total Effective Consideration per Share**” initially receivable for such securities shall be such aggregate consideration divided by

the number of Shares to be issued upon (and assuming) such conversion at the initial conversion rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (f) If and whenever the Issuer shall issue wholly for cash any Shares other than as mentioned in paragraph (d) above or pursuant to the exercise of any rights of Conversion, or exchange into or subscription for, Shares as mentioned in paragraph (e) above at a price per Share which is less than [90]% of the Current Market Price (as defined in Condition 8.2) at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such Current Market Price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.
- (g) If and whenever the Issuer shall issue Shares for the acquisition of any asset at a total Effective Consideration per Share (as defined in this sub-paragraph (g) below) which is less than [90]% of the Current Market Price (as defined in Condition 8.2) at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted in such manner as may be determined by a Financial Adviser. Such adjustment shall become effective on the date of issue. For the purpose of this sub-paragraph (g) “**total Effective Consideration**” shall be the aggregate consideration credited as being paid for such Shares by the Issuer on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**total Effective Consideration per Share**” shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.
- (h) If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in sub-paragraphs (a) to (g) above) (even if the relevant event or circumstance is specifically excluded in the Conditions from the operation of sub-paragraphs (a) to (g) above), or that an adjustment should be made in a manner other than in accordance with sub-paragraphs (a) to (g) above, the Issuer may, at its own expense, request a Financial Adviser, acting as expert, to determine as soon as practicable (1) what adjustment (if any) to the Conversion Price is fair and reasonable to take into account thereto and is appropriate to give the result which the Financial Adviser considers in good faith to reflect the intentions of the provisions of this Condition 8; and (2) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (h) if the Financial Adviser is so requested to make such a determination.

8.2 For the purposes of this Condition 8:

“**announcement**” shall include the release of an announcement to the press or the delivery or transmission for the purpose of publication by telephone, facsimile, publication on the Stock Exchange website or otherwise of an announcement to the Stock Exchange;

“**date of announcement**” shall mean the date on which the announcement is first so released, delivered or transmitted and “**announced**” shall have a corresponding meaning;

“**Financial Adviser**” means an independent investment bank of repute in Hong Kong or any audit firms of repute in Hong Kong in the opinion of the Issuer acting reasonably, or in respect

solely of determining the fair value of options, warrants and other rights referred to in Condition 8.1(d) or the securities referred to in Condition 8.1(e)(i) or the modification referred to in Condition 8.1(e)(ii) any firm of valuer of repute in Hong Kong in the opinion of the Issuer acting reasonably, in each case, selected solely by the Issuer for the purpose of providing a specific opinion or calculation or determination hereunder;

“Capital Distribution” means any distribution (whether of cash or assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 8.1(b) by way of capitalisation of profits or reserves), unless (i) it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a subsidiary of Issuer) pursuant to a general and unconditional mandate granted to the Directors to exercise all the powers of the Issuer to repurchase Shares at a general meeting of the Issuer in accordance with the Listing Rules, or (ii) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods after 31 December 2014 as shown in the audited consolidated profit and loss account of the Issuer and its subsidiaries for each financial period on year thereafter;

In making any such calculation, such adjustments (if any) shall be made as a Financial Adviser (as defined in this Condition 8.2) may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Shares;

“Current Market Price” means, in respect of a Share at a particular date, the average of the Closing Prices for one Share (being a Share carrying full entitlement to dividend) for the five consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said five Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be delivered in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be delivered in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount,

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share;

“Fair Market Value” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by a Financial Adviser, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are

publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded;

“**issue**” shall include allot;

“**reserves**” includes unappropriated profits;

“**rights**” includes rights in whatsoever form issued; and

“**Shares**” includes, for the purpose of Shares comprised in any offer pursuant to paragraphs (c), (d), (e), (f) or (g) of Condition 8.1, any such ordinary shares of the Issuer as, when fully paid, will be Shares.

- 8.3 (a) The provisions of sub-paragraphs (b), (c), (d), (e), (f) and (g) of Condition 8.1 shall not apply to:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares, whether or not by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities, provided that an adjustment (if required) to the Conversion Price has been made under this Condition 8 in respect of the issue of such securities or granting of such rights (as the case may be);
 - (ii) an issue of Shares or other securities of the Issuer or any subsidiary of the Issuer wholly or partly convertible into, or rights to acquire, Shares pursuant to any Share Option Scheme adopted by the Issuer in accordance with the Listing Rules; or
 - (iii) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 120 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the “**market value**” of a Share shall mean the average of the closing prices for such Trading Days on which dealings in the Shares took place (being not less than twenty (20) such days) as are selected by the directors of the Issuer for the purposes of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash, provided that the dividend gave rise to an adjustment to the Conversion Price pursuant to Condition 8.1(c) (or would have done but for Condition 8.4); and
 - (iv) the issue of Shares on conversion of part or the whole of the Bonds.
- (b) Without prejudice to the provisions of sub-paragraph (a) of this Condition 8.3, no adjustment to the Conversion Price pursuant to sub-paragraphs (d) to (g) of Condition 8.1 will be made, if at any time the amount of adjustment that but for this Condition 8.3(b) would have been required to be made pursuant to any of those Conditions, when

aggregated with other adjustments that had not been made prior to that time as a result of the operation of this Condition 8.3(b), is less than 1% of the Conversion Price prevailing at that time. Any adjustment not required to be made as a result of this Condition 8.3(b) shall be carried forward and be taken into account in the first subsequent adjustment made pursuant to Conditions 8.1(d) to (g).

- 8.4 Any adjustment to the Conversion Price shall be made to the nearest one tenth of a cent so that any amount under HK\$[0.0005] shall be rounded down and any amount of HK\$[0.0005] or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Conversion Price. In addition to any determination which may be made by the directors of the Issuer, every adjustment to the Conversion Price (other than pursuant to Condition 8.1(a) or (b)) shall be certified by a Financial Adviser.
- 8.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.
- 8.6 If the Issuer or any subsidiary of the Issuer shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Issuer shall appoint a Financial Adviser to consider whether any adjustment to the Conversion Price is appropriate (and if such Financial Adviser shall certify that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 8.4, 8.7 and 8.8 shall apply).
- 8.7 Whenever the Conversion Price is adjusted as herein provided, the Issuer shall as soon as possible but not later than five (5) Business Days after the relevant adjustment has been determined give notice to the Bondholder that the Conversion Price has been adjusted (setting out brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Bond remains outstanding make available for inspection at its principal place of business in Hong Kong a signed copy of the said certificate of the Financial Adviser setting forth particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof.
- 8.8 Notwithstanding any other provision of this Condition 8, no adjustment shall be made which would involve an increase in the Conversion Price other than in the case of a consolidation or reclassification of the Shares.

9 PROCEDURE FOR CONVERSION

- 9.1 The Conversion Rights may, subject as provided herein and in Condition 7, be exercised on any Business Day during the Conversion Period by a Bondholder delivering at its own expense to the Issuer during normal business hours at the Specified Office a notice in the form attached as Annexure III duly completed (a "**Conversion Notice**") stating the intention of that Bondholder to convert all or part (in authorised denomination) of principal amount of its Bonds and the address in Hong Kong for the delivery of the share certificates of the Conversion Shares pursuant to Condition 9.2 together with the original of that Bond Certificate. A Conversion Notice once delivered shall be irrevocable.
- 9.2 Subject to Condition 9.4, the Conversion Shares shall be allotted and issued by the Issuer, credited as fully paid, to the relevant Bondholder or its nominees as it may in writing direct

within five (5) Business Days after, and with effect from, the Conversion Date against delivery of the original Certificate for the Bonds (which the Bondholder is obliged to deliver to the Issuer following such conversion), and the Issuer shall issue certificates for the Conversion Shares to which the Bondholder or such person as it may direct shall become entitled in consequence of exercising its Conversion Rights in board lots with one certificate for any odd lot of Shares arising from conversion and shall, if such Bondholder so requests in the notice, deposit these share certificates in the CCASS participant's stock account set out in the notice within a further two (2) Business Days, or in the absence of such request by the Bondholder, make these share certificates available for collection by the relevant Bondholder at the Specified Office during normal business hours on any Business Day within the five (5) Business Days period referred to above, and (if appropriate) the original Bond Certificate with an endorsement on it by a director of the Issuer for any balance of the Bond not converted shall similarly be made available for collection at the Specified Office within the same five (5) Business Days period.

- 9.3 The Issuer shall pay all stamp duty, issue and registration duties (if any) and levies and charges (if any) payable in Hong Kong in respect of the allotment and issue of the Conversion Shares. Subject to the aforementioned, the Bondholder shall pay all other charges and taxes arising from or in respect of the conversion of the Bond and any profits tax (or its equivalent) against which the Bondholder may be assessed for any disposal of the Bond or Conversion Shares.
- 9.4 Without prejudice to the aforesaid the issue of Conversion Shares is subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; (2) (if required under the Listing Rules) the approval of the shareholders of the Issuer in a general meeting, in which case the Issuer shall not be obliged to issue any Conversion Shares unless and until approval of the Shareholders in a general meeting is obtained in compliance with the Listing Rules.

10 PROTECTION OF THE BONDHOLDER

- 10.1 So long as any Bonds are outstanding, unless approved by an Ordinary Resolution of the Bondholders passed in a meeting of the Bondholders (held in accordance with the procedures set out in Annexure IV of this Instrument) or otherwise in writing by the requisite majority of Bondholders:
- (a) the Issuer shall not declare or pay any dividend on any securities other than the Shares;
 - (b) the Issuer shall not authorise or effect a voluntary liquidation of the Issuer;
 - (c) the Issuer shall at all times keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the Conversion Rights and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe for Shares;
 - (d) the Issuer shall not in any way modify the rights attached to the Shares (except as contemplated under Condition 8) as a class or attach any special restrictions thereto;
 - (e) the Issuer shall procure that at no time shall there be in issue Shares of different nominal values other than arising from any consolidation or sub-division of the Shares;
 - (f) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the Issuer shall use all reasonable endeavours (i) to maintain a listing for all the issued Shares on the Stock Exchange; (ii) to obtain and maintain a listing on the Stock Exchange for all the Conversion Shares; and (iii) to obtain a listing for all the Conversion Shares issued on the exercise of the Conversion Rights attaching to the Bond on any other stock

- exchange on which any of the Shares are for the time being listed and will forthwith give notice to the holder of the Bond in accordance with Condition 15 of the listing or delisting of the Shares by any such stock exchange;
- (g) the Issuer shall ensure that all the Conversion Shares will be duly and validly issued fully paid and registered;
 - (h) the Issuer shall comply with and procure the compliance and fulfilment of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Bonds or for the listing of and permission to deal in the Conversion Shares issued or to be issued on the exercise of the Conversion Rights and shall ensure the continued compliance and fulfilment thereof (provided in each case that the Bondholder complies with and satisfies all such conditions applicable to it);
 - (i) the Issuer shall procure that (i) no securities issued by the Issuer shall be converted into Shares or exchanged for new Shares except in accordance with the terms of issue thereof, and (ii) no securities issued by the Issuer without rights to convert into Shares or to be exchanged for new Shares shall subsequently be granted such rights;
 - (j) the Issuer shall not make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights, it would be required to issue Shares at a discount to their nominal value or otherwise in circumstances not permitted by applicable laws and regulations from time to time (if any);
 - (k) if an offer is made to holders of Shares to acquire all or any proportion of the Shares, the Issuer shall forthwith give notice of such offer to the Bondholder and shall use all reasonable endeavours to procure that a comparable offer is extended in respect of the Bond or in respect of any Shares issued on conversion of the Bond during the period of the offer;
 - (l) the Issuer shall not (and shall ensure that no member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction, other than any such transaction by any member of the Group with one or more other members of the Group that does not result in any reduction of the Issuer's attributable interest in the assets held by the relevant members of the Group immediately before or after such transaction;
 - (m) the Issuer shall not :
 - (i) pay, make or declare any dividend or other distribution;
 - (ii) repay or redeem any of its share capital;
 - (iii) reduce its share capital, or alter any rights attaching to its issued shares; or
 - (iv) make any uncalled liability in respect of any share premium account or capital redemption reserve fund (except, as permitted by law);
 - (n) the Issuer shall ensure that the Guarantors remain wholly-owned by it and all its interests in the Solar Business is held through the Guarantors;
 - (o) the Issuer shall not (and shall ensure that no member of the Group will) enter into any transaction or a series of transactions to dispose of any asset or assets which will upon

completion of such disposal result in the aggregate book value of assets disposed by the Group since the Issue Date exceeding US\$100,000,000;

- (p) the Issuer shall (and shall ensure each member of the Group will) use its reasonable endeavours to maintain and preserve all of its assets that are necessary for the conduct of its Solar Business in good working order and condition (fair wear and tear excepted);
- (q) the Issuer shall provide the Bondholders with a copy of its annual reports, interim reports and all other statements and circulars sent by the Issuer to its shareholders pursuant to the Listing Rules within seven (7) Business Days after the date on which the Issuer sends the same to its shareholders or, if earlier in the case of annual reports and interim reports, seven (7) Business Days after the deadline for their publication as specified in the Listing Rules; and
- (r) the Issuer shall not take any action for the purpose of avoiding or seeking to avoid the performance of any of the terms to be observed or performed under the Conditions.

- 10.2 So long as any Bond remains outstanding, other than the Share Charges and Debentures or otherwise permitted under this Instrument, the Issuer will not, and will ensure that none of the Guarantors and none of the chargors under the Share Charges will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Security Trustee shall in its reasonable discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Special Resolution.

11 **EVENTS OF DEFAULT**

- 11.1 If any of the following events ("**Events of Default**") occurs, a Bondholder may give notice in writing (a "**Default Redemption Notice**") to the Issuer that the principal amount of the Bonds then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of the Bonds shall become immediately due and payable in an amount which is equal to the Redemption Amount:
- (a) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional,
 - (i) the listing of the Shares (as a class) on the Stock Exchange ceases; or
 - (ii) the listing of the Shares (as a class) on the Stock Exchange is suspended for a continuous period of five (5) Trading Days due to the default of the Issuer or any of its directors, officers, employees or agents (save for any suspension or trading halt pending the issue of any announcement pursuant to Chapter 14 and/or Chapter 14A of the Listing Rules); or
 - (iii) the shareholders of the Issuer pass a resolution to delist the Shares from the Stock Exchange; or
 - (b) the Issuer defaults in performance or observance or compliance with any of its obligations contained in the Transaction Documents other than the Subscription Agreement (other than a default under Condition 11.1(c) or a failure to issue

Conversion Shares in accordance with Condition 9) and such default continues for a period of ten (10) Business Days next following service by a Bondholder of notice requiring such default to be remedied; or

- (c) the Issuer fails to pay the principal or interest on the Bond when due (other than as a result of the Bondholder giving inaccurate or late remittance instructions) or fails to issue Conversion Shares in accordance with Condition 9, unless non-payment of such interest or non-issue of Conversion Shares is due solely to administrative or technical error and payment and/or issue is made within three (3) Business Days of the due date thereof; or
- (d) the occurrence of any event or any action taken or omission made by the Issuer so as to render unlawful the performance or observance or compliance by the Issuer with of any of its material obligations contained in the Conditions, or would otherwise result in any material terms contained in the Conditions be or becoming unenforceable, or would otherwise render the Bonds inadmissible as evidence in court; or
- (e) (i) any present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 11.1(e) have occurred equals or exceeds HK\$[50,000,000] or its equivalent in any other currency or currencies;
- (f) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Issuer and is not discharged, paid out, withdrawn or remedied within thirty (30) Days; or
- (g) the Issuer becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Issuer or any of its major subsidiaries or the whole or any material part of the undertaking, property, assets or revenues of the Issuer or any of its major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- (h) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings, requisitions or disputes or any regulatory action sanction or fine against the Issuer or any member of the Group or in relation to its assets has a Material Adverse Effect; or
- (i) any governmental agency seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Issuer or any member of the Group or makes an order therefor which, in any such case, would have a Material Adverse Effect; or
- (j) the Group as a whole ceases or threatens to cease to carry on the Solar Business as a principal business of the Group; or
- (k) an order is made or an effective resolution passed for winding-up of the Issuer, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by an Ordinary Resolution; or

- (l) a moratorium is agreed or declared in respect of any indebtedness of the Issuer or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Issuer; or any event which has an analogous effect to any of the events referred to above; or
 - (m) any of the Security Documents is not (or is claimed by (as the case may be) the Issuer, the chargors under the Share Charge or the Guarantors not to be) in full force and effect;
 - (n) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer, the chargors under the Share Charge and the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Conditions and the Security Documents, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Security Documents admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done (except in any case where such default is capable of remedy and it is remedied by (as the case may be) the Issuer, the chargors under the Share Charge and/or the Guarantors within twenty-one (21) Business Days following service by the Security Trustee on (as the case may be) the Issuer, the chargors under the Share Charge and/or the Guarantors of notice requiring the same to be remedied);
 - (o) a representation, statement, warranty or undertaking made or deemed to be made or repeated by the Issuer in any Transaction Document or in any document delivered by or on behalf of the Issuer under any Transaction Document is or proves to have been incorrect or misleading when made or deemed to be made or repeated or otherwise have been breached in any material respect.
- 11.2 The Issuer shall forthwith on becoming aware of any such event as is mentioned in this Condition give notice in writing thereof to the Bondholders at the same time as notice is given to shareholders of the Issuer. Notwithstanding the foregoing, if the Issuer shall fail to issue the Conversion Shares in accordance with the Conditions, any Bondholder shall be entitled to bring an action against the Issuer for either specific performance or damages.
- 11.3 Upon the occurrence of an Event of Default and without prejudice to the Issuer's payment obligations under Condition 4.2, additional interest shall accrue:-
- (a) where the default relates to the payment of any sum due and payable under the Bond as described under Condition 11.1(c), on such sum from the due date for payment to the date of actual payment in full (both before and after judgment) at the rate of 22.5% per annum; and
 - (b) in all other cases, on the principal amount of the Bonds then outstanding from the date of occurrence of that Event of Default (or if more than one Events of Default have occurred and are continuing, from the date of occurrence of the first of those Events of Default) to the earlier of the date of redemption of the Bonds or (in respect of any Event of Default that is capable of remedy) the date on which that Event of Default is remedied, at the rate of 16.5% per annum.

For the purposes of this Condition, an Event of Default that arises due to the continuation of specified facts and circumstances for a period that exceeds the period specified in Condition 11.1 shall be deemed to have been remedied on the day that those facts and circumstances cease to exist, even though that day falls after the period so specified. For example, if an Event of Default arises under Condition 11.1(a)(ii) due to the suspension of trading in the Shares for

10 Trading Days, that Event of Default shall for the purposes of this Condition be regarded as having been remedied upon the resumption of trading of Shares on the eleventh Trading Day and additional interest under Condition 11.3(b) shall accrue from (and including) the sixth Trading Day of such period suspension to (and excluding) the date of resumption of trading.

- 11.4 If and to the extent that any interest shall accrue pursuant to Condition 11.3, within 7 Business Days upon receipt of any demand in writing by a Bondholder referring to this Condition, the Issuer shall pay any interest then accrued up to and excluding the date of that demand, to the extent unpaid.

12 **VOTING**

The Bondholder will not be entitled to receive notices of, attend or vote at any meetings of the Issuer by reason only if it being the Bondholder.

13 **EXPERTS**

In giving any certificate or making any adjustment hereunder, any Financial Adviser shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Issuer and the Bondholders and all persons claiming through or under them respectively.

14 **REPLACEMENT BONDS**

If a Certificate is lost or mutilated, the Bondholder shall notify the Issuer as soon as practicable and a replacement Certificate shall be issued if the Bondholder provides the Issuer with: (a) the mutilated Certificate (if available); and (b) a declaration by the Bondholder or its officer that the Certificate had been lost or mutilated (as the case may be) or other evidence that the Certificate had been lost or mutilated. Any Certificate replaced in accordance with this Condition shall forthwith be cancelled. All reasonable administrative costs and expenses associated with the preparation, issue and delivery of a replacement Certificate for any Bond shall be borne by the relevant Bondholder.

15 **NOTICES**

Each notice, demand or other communication to be given or made under this Instrument in respect of the Bonds shall be in writing and delivered or sent to the relevant party at its respective address (either registered address or correspondence address) or facsimile number referred to below:

To the Issuer: at its Specified Office (for the attention of the Company Secretary), Facsimile no: (852) 2344 9392

To each Bondholder: as recorded on the Register

A Bondholder may from time to time by notice given in accordance with this Condition 15 give not less than five (5) Business Days' prior notice of any change of its addresses or facsimile number.

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered: (a) if given or made by letter and delivered by hand or courier when actually delivered to the relevant address; (b) if given or sent by registered mail, on the date which is two (2) Business Days (in the case of mail sent to a local address) or five (5) Business Days (in the case of mail sent to an overseas address) after the posting thereof; and (c) if given or made by facsimile, when despatched with confirmation of successful transmission (and if the deemed date of delivery is not a Business Day, on the immediately following Business Day).

16 MEETINGS OF BONDHOLDERS

The provisions of Appendix IV relating to meetings of Bondholders shall have full effect as if the same had been incorporated herein. To the extent that the provisions of Appendix IV and any further regulations prescribed by the Issuer under paragraph 20 of Appendix IV do not specifically regulate any aspect of meetings of Bondholders, including, without limitation, any matter to do with convening notice, appointment of proxies, attendance, adjournment, conduct, voting and recording proceedings in relation to meetings of Bondholders, the equivalent provisions of the Issuer's bye-laws for the time being relating to meetings of holders of Shares shall apply, *mutatis mutandis*, to meetings of Bondholders and shall have full effect as if the same had been incorporated herein.

17 AMENDMENT

17.1 The Issuer shall not vary, expand or amend the terms and conditions of any Bond or agree to do so without the approval by Ordinary Resolution of the Bondholders passed in meeting of Bondholders or in writing by the requisite majority of Bondholders and any such variation, expansion and amendment shall apply equally to all Bonds regardless of whether any given Bondholder has participated in the relevant meeting of Bondholders or given its approval in writing and shall be notified to the Bondholders generally and be binding on the Issuer and all Bondholders.

17.2 The Issuer may at any time and from time to time, after the issue and subscription of the initial aggregate principal amount of the Bonds of US\$80,000,000, created hereby without the consent of the Bondholders, re-issue any redeemed Bonds and/or by deed poll expressed to be supplementary hereto create and issue further bonds having the same terms and conditions as the Bonds in all respects and ranking *pari passu* with and forming the same class as the Bonds then in issue so that such further issue shall be consolidated and form a single series with the Bonds but for the avoidance of doubt, interest shall be payable in respect of any such further bonds only with effect from their respective Issue Dates, provided that the total principal amount of such further bonds when aggregated with the principal amount of Bonds initially issued does not exceed US\$200,000,000. Such further bonds may be constituted by a deed supplemental to this Instrument and a certified copy of which shall be delivered to the then security trustee under the Security Trust Deed together with New Bondholder Accession Deed duly executed by holders of any further bonds issued thereby.

18 PRESCRIPTION

Claims in respect of amounts due in respect of the Bonds shall become prescribed unless made within 10 years (in the case of principal) and thirty days (in the case of interest (if any)) from the relevant date for payment in respect thereof.

19 GOVERNING LAW AND JURISDICTION

The Bonds and these Conditions are governed by and shall be construed in accordance with the law of Hong Kong.

Annexure I**CERTIFICATE****China Smarter Energy Group Holdings Limited**
(incorporated in Bermuda with limited liability)

Name of Bondholder, registered and correspondence address	Principal amount (USD)	Certificate No.	Date of Issue

6% GUARANTEED SECURED CONVERTIBLE BOND DUE 2018

(Being one of a series of guaranteed secured convertible bonds (the "**Bonds**") constituted by an Instrument by way of deed poll dated [●] and executed by China Smarter Energy Group Holdings Limited (the "**Issuer**") as amended, supplemental and/or varied from time to time)

The Bonds comprised in this Certificate is in registered form and forms part of an issue designated as specified above. The Bonds are subject to, and have the benefit of, the Instrument, the Deed of Guarantee, the Share Charges, the Debentures and the Security Trust Deed. A copy of the Instrument, the Deed of Guarantee, the Share Charges, the Debentures and the Security Trust Deed shall be made available to each Bondholder on request in writing to the Issuer.

THIS IS TO CERTIFY that the Issuer will pay the Bondholder named above, being the registered holder of the Bond, comprised in this Certificate on the Maturity Date (as defined in the Instrument) or on such earlier date as such sum may become payable in accordance with the terms and conditions in the Instrument the principal sum specified above together with such amount or amounts as may become due and payable in accordance with the Conditions (as defined in the Instrument). The Instrument provides that this Bond shall automatically be redeemed on the Maturity Date or on redemption at the election of the Issuer under Condition 6.3 without presentation of this Certificate. Accordingly this Certificate may not be evidence of the existence of any payment or other obligation on the Issuer at any time after such redemption.

The Bondholder named in this Certificate is entitled to require the Issuer to convert the whole or any part(s) of the principal amount of the Bonds comprised in this Certificate into ordinary shares in the capital of the Issuer, subject to and in accordance with the Instrument.

Title to the Bonds passes only on due registration on the register of Bondholders and only the duly registered holder is entitled to payments on a Bond of which he is the duly registered holder.

GIVEN under the common seal of the Issuer on the [●] day of [●].

Director

Note:

This Bond cannot be transferred to bearer on delivery and is only transferable to the extent permitted by Condition 3 of the terms and conditions thereof. This Bond must be delivered to the Issuer for cancellation and reissue of an appropriate certificate in the event of any such transfer.

(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding

Annexure II
FORM OF TRANSFER

6% GUARANTEED SECURED CONVERTIBLE BONDS DUE 2018

(Being one of a series of guaranteed secured convertible bonds constituted by an Instrument by way of deed poll dated [●] (as amended, supplemental and/or varied from time to time the "Instrument") and executed by China Smarter Energy Group Holdings Limited (the "Issuer"))

Terms defined in the Instrument shall bear the same meanings in this Form of Transfer.

FOR VALUE RECEIVED the undersigned hereby transfers to the transferee (the "Transferee") whose particulars are set out below US\$.....principal amount of the Bonds comprised in the enclosed certificate, and all rights in respect thereof and irrevocably requests the Issuer to register and to issue new Bonds in accordance with the terms of the Instrument.

Particulars of the Transferee are as follows:-
(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

Name of Transferee:	
Registered Address:	
Correspondence Address:	
Facsimile No. :	
US dollar registered account for the purposes of payments under the Bonds:	<ul style="list-style-type: none"> • Name of Account • Account No. • Sort Code: • Name of Bank: • Address of Bank:

The Transferee hereby irrevocably represents, warrants and undertakes to the Issuer that it is not a connected person of the Issuer, and that the New Bondholder Accession Deed that accompanies this form of transfer has been duly executed by it. The transferee irrevocably authorises the Issuer to deliver that New Bondholder Accession Deed to the security trustee under the Security Trust Deed for the time being.

Dated:

Transferor's Name:

Transferee's Name:

Transferor's authorised signature:

Transferee's authorised signature:

Witness to Transferor's signature:

Witness to Transferee's signature:

[signature]

[signature]

name

name

Notes:

1. A representative of the Bondholder should state the capacity in which he signs (e.g. director).
2. In the case of joint holders, all joint holders must sign this transfer form.
3. The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Issuer may require.
4. A transfer must be in an amount equal to the whole of the Bond being transferred or an authorised denomination.

Annexure III**FORM OF CONVERSION NOTICE****6% GUARANTEED SECURED CONVERTIBLE BONDS DUE 2018**

(Being one of a series of guaranteed secured convertible bonds constituted by an Instrument by way of deed poll dated [•] (as amended, supplemental and/or varied from time to time the "Instrument") and executed by China Smarter Energy Group Holdings Limited (the "Issuer"))

To : China Smarter Energy Group Holdings Limited

Terms defined in the Instrument shall bear the same meanings in this Conversion Notice.

The undersigned hereby irrevocably elects to convert the following principal amount of the Bonds comprised in the enclosed certificate into shares of the Issuer in accordance with the Conditions, as of the date specified below, such shares to be issued in the name of the shareholder(s) set out below.

Name of Bondholder:	
Bond Number(s):	
Amount to be converted:	
Conversion Date: (being the date of this notice)	
Applicable Conversion Price:	
Name in which Shares are to be issued:	
Address of shareholder:	
(For depository of share certificate with CCASS): Name of Bondholder's designated CCASS Participant: CCASS Participant I.D. No.:	

We hereby acknowledge that you will in reliance of the foregoing representation, warranty and undertaking issue and allot Conversion Shares to us in accordance with the Conditions.

Signature of Bondholder:

Dated [•] 201[•]

Annexure IV**PROVISIONS FOR BONDHOLDERS' MEETING**

1. The Issuer at any time may, and upon a request in writing of the Bondholders holding not less than one-tenth of the total principal amount of all Bonds for the time being outstanding and exercisable shall, or failing which, the Security Trustee may convene a meeting of the Bondholders. Every such meeting shall be held at such place as the Directors may approve.
2. At least twenty one clear days' notice of any meeting of the Bondholders shall be given to the Bondholders but for the avoidance of doubt, in the case of Bonds issued on or after the date of such a notice the relevant Bondholders shall be given notice of any such meeting on or within [two] Business Days after the Issue Date of the relevant Bonds. The notice shall specify the day, time and place of the meeting and the terms of the resolutions to be proposed.
3. A person (who may, but need not be, a Bondholder) nominated in writing by the Issuer or (if the meeting is convened by the Security Trustee) the Security Trustee shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for the holding of such meeting the Bondholders present shall choose one of their number to be chairman.
4. At any such meeting two or more persons holding Bonds and/or being proxies and being or representing in the aggregate the holders of not less than ten per cent. of the outstanding principal amount of all the Bonds for the time being outstanding and exercisable shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.
5. If within half an hour after the time appointed for any meeting a quorum is not present, the meeting shall, if convened upon the requisition of Bondholders, be dissolved. In any other case it shall stand adjourned for such period, not being less than fourteen days nor more than twenty eight days, and to such time and place, as may be appointed by the chairman. At such adjourned meeting two or more persons present in person holding Bonds or being proxies (whatever the principal amount of the Bonds so held or represented) shall form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting.
7. The chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
8. At least ten days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as of an original meeting, and such notice shall state the quorum required at such adjourned meeting. Subject as aforesaid, it shall not be necessary to give any notice of an adjourned meeting.
9. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which the chairman may be entitled as a Bondholder or as a proxy.

10. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by one or more persons holding one or more Bonds or being proxies and being or representing in the aggregate the holders of not less than ten per cent. of the principal amount of all Bonds then outstanding and exercisable, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

11. If at any meeting a poll is so demanded, it shall be taken in such manner and, subject as hereinafter provided, either at once or after any adjournment, as the chairman directs, and the result of such poll shall be deemed to be the resolution as at the date of the meeting at which the poll was demanded. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

12. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

13. The Issuer (through its representatives) and legal and financial advisers shall be entitled to attend and speak at any meeting of the Bondholders. Save as aforesaid, no person shall be entitled to attend, speak or vote at any meeting of the Bondholders or to join with others in requesting the convening of such a meeting unless he is a Bondholder or the duly authorised representative of a corporate Bondholder or a duly appointed proxy or the legal adviser or financial adviser of a Bondholder. Neither the Issuer nor any Subsidiary shall be entitled to vote, whether on a show of hands or on a poll, in respect of Bonds held by it or on its behalf nor shall the holding of any such Bonds count towards a quorum.

14. Subject as provided in paragraph 13 hereof:

- (a) at any meeting on a show of hands every Bondholder who is present in person or (in the case of a corporation) by a duly authorised representative and every person who is a proxy shall have one vote; and
- (b) at any meeting on a poll every Bondholder who is present in person or (in the case of a corporation) by a duly authorised representative and every person who is a proxy as aforesaid shall have one vote in respect of each percent of the percentage of the outstanding principal amount of the Bond held by him that is exercisable out of the total principal amount of all Bonds for the time being outstanding and exercisable provided that if such percentage is not a whole number, it shall be rounded up to the nearest whole number.

Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. A proxy need not be a Bondholder.

16. A meeting of the Bondholders shall in addition to all other powers (but without prejudice to any powers conferred on other persons by these presents) have the following powers exercisable by a Special Resolution, namely:

- (a) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Bondholders or any of them;

- (b) power to sanction any proposal by the Issuer for modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Issuer whether such rights shall arise under these presents or otherwise;
- (c) power to sanction any proposal by the Issuer for the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Issuer, or of any other body corporate formed or to be formed;
- (d) power to authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Special Resolution;
- (e) power to discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under these presents or the Conditions;
- (f) power to give any authority, direction or sanction which under the provisions of these presents or the Conditions is required to be given by Special Resolution; and
- (g) power to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by Special Resolution.

17. Any resolution shall be binding upon all the Bondholders, whether present or not present at such meeting, and each of the Bondholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justified the passing thereof.

18. (a) The expression "Special Resolution" means a resolution passed at a meeting of the Bondholders duly convened and held and carried by a majority consisting of not less than three fourths of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three fourths of the total outstanding principal amount of the Bonds as represented by the Bondholders attending the meeting or a resolution in writing signed by the requisite majority of Bondholders.
- (b) The expression "Ordinary Resolution" means a resolution passed at a meeting of the Bondholders duly convened and held and carried by a simple majority of the votes cast upon a show of hands or, if a poll is duly demanded, by a simple majority of the total outstanding principal amount of the Bonds as represented by the Bondholders attending the meeting or a resolution in writing signed by the requisite majority of Bondholders.

19. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer, and any such minutes, if the same are signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Bondholders, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.

20. Subject to all other provisions contained in these presents, the Issuer may without the consent of the Bondholders prescribe such further regulations regarding the holding of meetings of Bondholders and attendance and voting thereat as the Issuer may at its sole discretion determine, including particularly (but without prejudice to the generality of the foregoing) such regulations as the Issuer thinks reasonable so as to satisfy itself that persons are in fact Bondholders who purport to requisition a meeting in accordance with paragraph 1 of this Annexure IV.

IN WITNESS WHEREOF the party has executed and delivered this Instrument as a deed on the day and year first above written.

THE COMMON SEAL of)
CHINA SMARTER ENERGY GROUP)
HOLDINGS LIMITED)
was affixed hereto)
in the presence of:-)

SCHEDULE 2

FORM OF DEBENTURE

Dated the _____ day of _____ 2015

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(the "Chargor")

in favour of

CHEER HOPE HOLDINGS LIMITED
(**展望控股有限公司**)
(the "Security Trustee")

D E B E N T U R E

incorporating
a Floating Charge over the undertakings properties and assets
of **China Smarter Energy Group Holdings Limited**

King & Wood Mallesons
15 Queen's Road Central
Central
Hong Kong
T +852 3443 8300
F +852 3443 1299
www.kwm.com
Ref: 800-0006043/GL

THIS DEBENTURE is made on this day of 2015

BY :-

- (1) **CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED**, a company incorporated and validly existing under the laws of Bermuda whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at Room 2004-5, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (the "**Chargor**" / the "**Listco**");

IN FAVOUR OF :-

- (2) **CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)** (a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands), acting on its own behalf and as security trustee for and on behalf of the Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS :-

- (A) The Chargor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the security trust deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司), the Listco, Max Access Limited, Rising Group International Limited and Surplus Basic Limited (as amended, supplemented and/or varied from time to time, the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 **Defined Terms.** In this Deed, unless a contrary indication appears or the context otherwise requires, terms used shall have the meanings given to them in the Bond Instrument and in addition:

"**Beneficiaries**" has the meaning given to it in the Security Trust Deed.

"**Bond Instrument**" means the instrument dated [*] 2015 issued by the Listco constituting the Bonds, each as may be amended, supplemented and/or varied from time to time.

"**BVI**" means the British Virgin Islands.

"**Charged Assets**" means, in respect of the Chargor, the assets of the Chargor (other than the shares of Guarantor II for so long as they are subject to the Security granted under the Share Charge) from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"**Charges**" means all or any of the Security created or expressed to be created by or pursuant to this Deed.

this "**Deed**" means this Debenture.

"**Guarantor I**" means Max Access Limited, a company incorporated under BVI laws.

"**Guarantor II**" means Rising Group International Limited, a company incorporated under BVI laws.

"**Guarantors**" means Guarantor I and Guarantor II.

"**HKCR**" means the Hong Kong Companies Registry.

"**Insolvency Act**" means the Insolvency Act, 2003 (as amended) of the British Virgin Islands.

"**Obligors**" means the Listco, the Chargor, the Other Chargors and the Guarantors, and each an "**Obligor**".

"**Other Chargors**" means Guarantor I and Surplus Basic Limited.

"**Other Share Charges**" means the respective share charges dated the date of this Deed, each as may be amended, supplemented and/or varied from time to time, given in favour of the Security Trustee (as security trustee on behalf of the Bondholders) by :

- (a) Guarantor I over the shares representing the entire issued share capital of China Smarter Energy Investment Limited;
- (b) Surplus Basic Limited over the shares representing the entire issued share capital of Rander International Limited.

"**Party**" means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

"**Receiver**" means a receiver and/or manager appointed under this Deed; if more than one (1) Receiver is appointed pursuant to this Deed, references to a Receiver include each person so appointed, and, unless the context otherwise expressly requires, the expression "Receiver" means and includes all receivers and/or managers from time to time appointed and acting under and for the purpose of this Deed.

"**Release Date**" means the date upon which the Charged Assets are to be released pursuant to Clause 25.

"Secured Obligations" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Beneficiaries or the Security Trustee under or pursuant to the Transaction Documents (other than the Subscription Agreements) and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any of the Beneficiaries or the Security Trustee or any Receiver may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"Security" means the security interests from time to time constituted by or pursuant to, or evidenced by, the Security Documents.

"Share Charge" means the share charge dated the date of this Deed in favour of the Security Trustee given in favour of the Security Trustee by the Chargor over the shares representing the entire issued share capital of Guarantor II, a company incorporated under BVI laws, as may be amended, supplemented and/or varied from time to time.

1.2 **Construction.** In this Deed, unless the context otherwise requires, Clause 1 (Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 **Trust.** All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of the Beneficiaries from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 3.1 or the release of all or any part of the Charges from this Deed. The trust constituted by this Clause shall come into existence on the date of this Deed and shall last for so long as any of the Secured Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any dispositions made or to be made pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

2. **COVENANT TO PAY**

2.1 **As Primary Obligor.** The Chargor irrevocably and unconditionally guarantees and covenants to pay, as a primary obligor and not merely as a surety, for the benefit of the Security Trustee (as trustee for the Beneficiaries), by way of an independent payment obligation, the punctual payment of the Secured Obligations when due.

3. **SECURITY**

3.1 **Floating Charge.** The Chargor, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all Secured Obligations charges and agrees to charge in favour of the Security Trustee (as trustee for the Bondholders) by way of FIRST FLOATING CHARGE all the Chargor's undertaking,

property, assets, goodwill, rights and revenues not charged or assigned to the Security Trustee under the Share Charge, whatsoever and wheresoever, both present and future, including all of the following, so that the charge hereby created shall be a continuing security by way of first floating charge subject always to Clause 25:

- (a) all book and other debts now and hereafter at any time and from time to time due or owing to the Chargor;
- (b) the uncalled capital, goodwill and all patents, patent applications, trade marks, trade names, registered designs, copyrights, licences and ancillary and connected rights;
- (c) all plant and machinery and the benefit of all contracts, licences and warranties relating to the same, all computers, vehicles, office equipment and other equipment and the benefit of all contracts, licences and warranties relating to the same,
- (d) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of the Chargor or the use of any of its assets;
- (e) any letter of credit issued in favour of the Chargor and all certificates of deposit, bills of exchange and other negotiable instruments held by it; and
- (f) all receivables of the Chargor.

4. REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties.** The Chargor hereby represents and warrants to the Security Trustee that :-

- (a) the Chargor is the sole beneficial owner of, and has good title to, the Charged Assets and has the right to charge the same to the Security Trustee in the manner herein mentioned free from all adverse claims and encumbrances and has not assigned, charged, pledged or otherwise disposed of the Charged Assets;
- (b) the Chargor has been incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority and all licences as may be required to carry on its business as it is now being conducted;
- (c) the Chargor has power to enter into this Deed and comply with its obligations under it;
- (d) this Deed and the transactions thereunder do not contravene its constituent documents or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers, (or to the extent applicable the powers of its directors, to be exceeded);
- (e) it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it and allow it to be enforced;
- (f) its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (g) it benefits by entering into this Deed;
- (h) no Event of Default is continuing;
- (i) other than as specified in Clause 16 (*Registration*), no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any

governmental authority or agency in any relevant jurisdiction or of any creditors of the Chargor is required for or in connection with the execution, performance, validity, enforceability and admissibility in evidence in proceedings of this Deed, or the carrying out by the Chargor of any of the transactions contemplated hereby;

- (j) the obligations of the Chargor under this Deed are direct, general, unconditional obligations of the Chargor and rank at least pari passu with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract.

4.2 **Validity of Representations.** The Chargor represents and warrants to and undertakes with the Security Trustee that each of the representations and warranties contained and referred to in Clause 4.1 is true and accurate as at the date hereof and will be true and accurate in all respects each day until the Release Day with reference to the then existing facts and circumstances.

5. COVENANTS AND UNDERTAKINGS

5.1 **Covenants and Undertakings relating to Charged Assets.** The Chargor hereby covenants and undertakes with the Security Trustee that at any time before the Release Date, the Chargor shall in relation to the Charged Assets:-

- (a) **Access to Charged Assets:** allow the Security Trustee and any persons authorized by the Security Trustee from time to time, at all reasonable times, to enter and remain upon any premises where the Charged Assets, or any title deeds or documents or books of account or other documents relating to the same, may for the time being be, and to view and inspect the same, and take inventories or copies thereof; and where any such premises belong to or are in the possession or control of any person other than the Chargor itself, the Chargor hereby undertake with the Security Trustee that it will at all times hereafter during the continuance of this security, upon request by the Security Trustee, procure entry for the Security Trustee to such premises and for such purposes as aforesaid;
- (b) **Insurances:** keep all the Charged Assets insured against such risks the Security Trustee reasonably requires in the name of the Chargor (with the Security Trustee's interest as mortgagee noted on the policy) and with a mortgagee loss payable clause to ensure payment of any loss to the Security Trustee in a form satisfactory to the Security Trustee and shall contain other provisions as the Security Trustee may require in the full replacement value thereof and pay and discharge all premia and other moneys necessary for effecting and keeping up such insurances and produce to and deliver to the Security Trustee the original policy of such insurance and the receipt for every such payment AND if default shall at any time be made by the Chargor in effecting and keeping up such insurance, it shall be lawful for the Security Trustee to insure and keep insured all the Charged Assets and all moneys expended for such purpose together with interest calculated in accordance with Condition 11.3 of the Bond Instrument from the time of the same having been expended until the date of actual payment shall on demand be repaid by

the Chargor and be deemed part of the Secured Obligations and be secured thereby and be recoverable accordingly;

- (c) **Outgoings, etc.:** pay the rent, rates, taxes, expenses and all outgoings in respect of all and any premises wherein the Charged Assets are placed and keep the same from being distrained for rent, rates or taxes, or from being taken under any execution, and at all times on demand produce to the Security Trustee, or its authorized agent, receipts for such rent, rates and taxes; and it shall be lawful for the Security Trustee to pay and discharge all rent, rates, taxes, expenses and all outgoings which at any time during the subsistence of this Deed may be, or may become, due and payable but unpaid by the Chargor in respect of such said premises in which the Charged Assets or any part thereof, are placed for the time being, and thereupon all such payments made by the Security Trustee together with interest calculated in accordance with Condition 11.3 of the Bond Instrument shall be deemed part of the Secured Obligations and be secured thereby;
- (d) **Collection of book debts.** until the Security Trustee otherwise directs, procure the prompt collection of the book and other debts of the Chargor except any advances to Listco or a company directly or indirectly wholly-owned by Listco;
- (e) **Depreciation of Charged Assets.** the Chargor shall not do or cause or permit to be done anything which can reasonably be expected in any way depreciate, jeopardise or otherwise prejudice the value of any of the Charged Assets taken as a whole. For the avoidance of doubt, no transfers at or above book value of any Charged Asset to the Listco or a company directly or indirectly wholly-owned by Listco shall be treated as a breach of this Clause; and
- (f) **Information.** the Chargor shall give to the Security Trustee upon receipt copies of all notices, requests and other documents sent or received with respect to the Charged Assets and give to the Security Trustee such other information regarding the Charged Assets as the Security Trustee shall reasonably require.

5.2 **Payments by Security Trustee.** If default shall be made by the Chargor in complying with, or performing, or discharging, any of its undertakings, obligations or liabilities hereunder, then without prejudice to any other rights or remedies which the Security Trustee may have hereunder against the Chargor, it shall be lawful for, but not incumbent upon, the Security Trustee to perform or discharge the same on behalf of the Chargor, and the Chargor agrees to repay to the Security Trustee on demand any sums of money expended by the Security Trustee in connection therewith together with interest thereon calculated in accordance with Condition 11.3 of the Bond Instrument and calculated from the time of the same respectively having been expended until the date of actual repayment, and the same shall, until repayment, be deemed part of the Secured Obligations and be secured hereby and recoverable accordingly.

6. NEGATIVE UNDERTAKINGS

6.1 **Negative Undertakings.** The Chargor hereby further covenants and

undertakes with the Security Trustee that, for at any time prior to the Release Date, the Chargor shall not without the prior written consent of the Security Trustee (acting on the authorisation of a Special Resolution):-

- (a) **No Encumbrances over Charged Assets:** create or agree to create or permit or suffer to arise or subsist any mortgage, charge, debenture, pledge, lien or other encumbrance or third party rights or equities whatsoever upon all or any of the Charged Assets, (whether by way of fixed or specific or floating charge or otherwise howsoever) ranking in priority to or *pari passu* with this Deed; and
- (b) **Disposal of Charged Assets:** sell, lend, transfer or otherwise dispose of the whole or any part of the Chargor's undertaking, properties, goodwill, rights or assets or revenues to any party other than an Obligor or a wholly-owned subsidiary of any Obligor, except for good consideration and at arm's length transaction in the ordinary course of its business either by a single transaction or by a number of transactions.

7. AUTOMATIC CRYSTALLIZATION/CONVERSION OF FLOATING CHARGE

7.1 Automatic Crystallization. Upon the occurrence of any Event of Default, the floating charge herein created shall immediately attach and become fixed as regards the Charged Assets without any notice from the Security Trustee, and without any other formality whatsoever.

7.2 Partial Crystallization. Without prejudice to the effect of Clauses 7.1 and 7.4, if the Chargor mortgages, charges, pledges or otherwise encumbers (whether by way of fixed or floating security or otherwise howsoever) any of the Charged Assets or attempts so to do without the prior consent in writing of the Security Trustee, or is otherwise in breach of any of the provisions in Clause 6.1(a) or Clause 6.1(b) hereof, or if any person levies or attempts to levy any distress, execution, sequestration or other process against any of the Charged Assets, the floating charge hereby created over the Charged Assets shall automatically, without notice or any other formality or process whatsoever, crystallize and operate as a fixed charge instantly on the occurrence of such event.

7.3 Avoidance of Doubt. For the avoidance of doubt, if crystallization of the floating charge pursuant to this Clause is in respect of part, but not all, of the Charged Assets, the floating charge shall subsist and remain in full force and effect as regards the remaining part or parts of the Charged Assets in respect of which the floating charge has not crystallized as aforesaid. The giving of a notice by the Security Trustee pursuant to Clause 7.4 in relation to any class of the Charged Assets shall not be construed as a waiver or abandonment of the rights of the Security Trustee to serve similar notices in respect of any other class of the Charged Assets or of any other right of the Security Trustee and/or any Beneficiaries.

7.4 Conversion of Floating Charge. Without being in any way restricted or prejudiced by the effect of, and in addition to, the other provisions contained in this Deed, in particular, those contained in Clauses 7.1, 7.2 and 7.3 hereof, the Security Trustee may at any time, by notice in writing to the Chargor, convert the floating charge herein created into a fixed charge as regards any property or asset specified in the notice which the Security

Trustee may in its absolute discretion consider to be in danger of being seized or sold under any form of distress, execution or other process, levied or threatened, and may (in the case of any levied or threatened distress, execution or other process) forthwith appoint a Receiver in respect thereof.

8. EFFECT OF EVENT OF DEFAULT

8.1 **Security Constituted.** The security hereby constituted shall become enforceable on the happening of any Event of Default.

9. ENFORCEMENT OF SECURITY

9.1 **Enforcement of Security.** At any time after the occurrence of an Event of Default or the security hereby constituted has become enforceable, it shall be lawful for the Security Trustee, and any person appointed by it including, but not limited to the Receiver, without any consent on the part of the Chargor or of any person to :-

- (a) **Selling, etc:** (whether or not the Security Trustee shall have made such entry or taken possession as aforesaid) sell, assign, call in, collect and convert into money the Charged Assets or any part thereof, or any interest therein, free from this Deed and any other estate, interests and rights to which this Deed has priority, with full power to sell the Charged Assets or any part thereof or any interest therein, either together or in parcels, and either by public auction or by public tender or by private tender or by private contract or a combination thereof and with such stipulations as to title, or evidence of commencement of title or otherwise, in such manner and subject to such conditions as the Security Trustee shall think fit, and either for a lump sum, or for a sum to be paid by instalments, or for a sum on account and subject to a charge or other security for the balance, and with full power to give any option to purchase the Charged Assets or any part thereof or any interest therein, or to buy in or rescind or vary any contract of sale of the Charged Assets or any part thereof or any interest therein, and to re-sell the same without being responsible for any loss which may be occasioned thereby, with power for the Security Trustee to grant any rights, easements or privileges as the Security Trustee shall in its absolute discretion think fit, and with full power to compromise and effect compositions, and for the purposes aforesaid, or any of them, to execute and do all such assurances and things as the Security Trustee shall think fit;
- (b) **Incidental Rights:** exercise all or any powers or rights incidental to the ownership of the Charged Assets;
- (c) **Settlement, etc.:** settle, adjust, refer to arbitration, compromise and arrange any claim, demand or dispute relating to the Charged Assets or any part thereof;
- (d) **Prosecution, etc.:** bring, prosecute, enforce, defend, compromise and abandon any claim, action, distress, suit or proceedings in relation to the Charged Assets or any part thereof;

- (e) **Management:** do all things necessary or desirable to preserve, maintain and manage the Charged Assets; and
- (f) **Realization:** do all things necessary or desirable for realizing the Charged Assets or any part thereof.

9.2 **Collection of book debts by Security Trustee.** If an Event of Default is continuing, the Security Trustee may notify the Chargor that:

- (a) the Chargor is prohibited from collecting the Chargor's book debts; and
- (b) the Security Trustee intends to collect the Chargor's book debts.

If the Security Trustee gives notice under this clause, then the Chargor agrees to:

- (i) the Security Trustee collecting the book debts and notifying debtors of the Security Trustee's interest in the book debts;
- (ii) the Security Trustee preparing and dispatching invoices in connection with the book debts, whether or not an invoice has been prepared previously or despatched in respect of a book debt; and
- (iii) use its best endeavours in assisting the Security Trustee to collect the book debts.

10. **APPOINTMENT OF RECEIVER**

10.1 **Appointment of Receiver.** Upon the occurrence of an Event of Default or if the security hereby constituted shall have become enforceable, the Security Trustee may, without further notice, in writing appoint, under the hand of the manager or other officer of the Security Trustee, such person or persons as it thinks fit to be a Receiver of the Charged Assets or any part thereof and the Security Trustee may from time to time remove any Receiver so appointed, and appoint another or others in his place. The following provisions as to the appointment, powers, rights and duties of a Receiver shall have effect :-

- (a) **Timing:** such appointment may be made either before or after the Security Trustee shall have entered into or taken possession of the Charged Assets or any part thereof;
- (b) **Management:** such Receiver may be vested with such powers and discretions, including powers of management, as the Security Trustee may think expedient;
- (d) **Powers:** unless otherwise directed by the Security Trustee, such Receiver may exercise all the powers and authorities vested in the Security Trustee under the terms, provisions and stipulations hereof;
- (e) **Regulations of Security Trustee:** such Receiver shall in the exercise of his powers, authorities and discretions conform to any regulations and directions from time to time made and given by the Security Trustee provided that no person dealing with such Receiver shall be concerned to enquire whether such Receiver has so conformed to any such regulations or directions;

- (f) **Scope of Appointment:** such Receiver may at the Security Trustee's absolute discretion be appointed either Receiver of all the Charged Assets, or any parts thereof, as may be specified in the appointment and in such latter event the powers hereinbefore conferred on a Receiver shall have effect as though each reference therein to the Charged Assets were limited to the part(s) of the Charged Assets so specified;
- (g) **Remuneration:** the Security Trustee may from time to time fix the remuneration of such Receiver and direct payment thereof out of the Charged Assets or any part(s) thereof of which he has been appointed Receiver or the income thereof but the Chargor shall be solely liable for payment of such remuneration and the Receiver shall be entitled to retain out of any money received by him that remuneration and all costs, charges and expenses properly incurred by him as Receiver;
- (h) **Security:** the Security Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as such Receiver, and may fix the nature and amount of the security to be so given, but the Security Trustee shall not be bound in any case to require any such security;
- (i) **Paying over the Security Trustee:** save so far as otherwise directed by the Security Trustee, all moneys from time to time received by such Receiver shall be paid over to the Security Trustee upon trust declared herein;
- (j) **Paying over to Receiver:** the Security Trustee may pay over to such Receiver any moneys constituting part of the Charged Assets, or the income thereof, to the intent that the same may be applied for the purposes hereof by such Receiver, and the Security Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver;
- (k) **Raising of Moneys:** subject as hereinafter provided, any such Receiver may, for the purpose of defraying any costs, charges, losses or expenses (including his remuneration) which shall be incurred by him in the exercise of the powers, authorities and discretion vested in him and for all other purposes hereof, or any of them, raise and borrow money on the security of the Charged Assets, or any part thereof, or any interest therein, either in priority to the Secured Obligations and the moneys hereby secured and the security hereby constituted, or otherwise, and at such rate(s) of interest, and generally on such terms and conditions as he may think fit, and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power, or to see to the application of any moneys so raised or borrowed, provided however, that a Receiver shall not exercise this present power without first obtaining the prior written consent of the Security Trustee;
- (l) **Name of Acts:** any Receiver may act in his own name or in the name of the Chargor and every such Receiver appointed in respect of the Charged Assets shall be the agent of the Chargor for all purposes, and the Chargor alone shall be responsible for his acts and defaults, loss or misconduct and for liabilities

incurred by him and for his remuneration, and the Security Trustee shall not incur any liability therefor by reason of its making or consenting to his appointment as such Receiver;

- (m) **Indemnity:** every Receiver, attorney, manager, agent or other person appointed by the Security Trustee hereunder shall be entitled to be indemnified out of the Charged Assets, and the income thereof, in respect of all liabilities and expenses incurred by him in the execution, or purported execution, of the terms and conditions hereof, and against all actions, proceedings, claims and demands in respect of any matter or thing done or omitted in anywise relating to the Charged Assets, or any part thereof, and the Security Trustee may retain and pay out of any money in the Security Trustee's hands, arising from the terms and conditions of this Deed, all sums necessary to effect such indemnity and all such sums shall be a charge on the Charged Assets; and
- (n) **Joint and Several Appointment:** where more than one (1) Receiver is appointed in accordance with the provisions herein contained, any reference in this Deed to a Receiver shall apply to both or all of the Receivers so appointed, and the appointment of the Receivers shall be deemed to be a joint and several appointment to the intent that the rights, powers, duties and discretions vested in the Receivers may be exercised jointly by the Receivers so appointed, or severally by each of them.

10.2 **Security Trustee's Powers.** Without prejudice to the generality of the foregoing, at any time after the occurrence of an Event of Default or the security hereby constituted shall have become enforceable, the Security Trustee and any manager, employee, director or officer of the Security Trustee wheresoever situated, may, if the Security Trustee desires (but without being obliged to do so), without further notice and without first appointing a Receiver hereunder, exercise all the powers, rights and discretions conferred by this Deed, either expressly or by implication or reference, on a Receiver.

11. **POWERS OF RECEIVER**

11.1 **Powers of Receiver.** A Receiver shall be the agent of the Chargor and shall have the following powers:-

- (a) **Possession, etc.:** to take possession of the Charged Assets and to demand and recover all the income arising out of the Charged Assets, by action, distress or otherwise, in the name of either the Chargor or the Security Trustee, to the full extent of the estate or interest which the Chargor could dispose of and to give effectual receipts accordingly for the same, and to take possession of, collect and get in all or any other property assets and rights hereby charged and to take any proceedings in the name of the Chargor or otherwise as may seem expedient and for that purpose to take, defend, discontinue and compromise any proceedings in the name of the Chargor or otherwise;
- (b) **Carrying on Business:** to carry on or authorize or concur in carrying on the business of the Chargor in relation to the Charged Assets or any part thereof and to manage, and conduct the same and no person lending any such money

shall be concerned to enquire as to the propriety or purpose of the exercise of this power or see to the application of any moneys so raised or borrowed Provided that a Receiver shall not exercise this power without first obtaining the prior written consent of the Security Trustee;

- (c) **Sales, etc.:** whether forthwith or later to sell by public auction or private contract or tender, let, surrender, or accept surrenders, grant licences or otherwise dispose of or deal with all or any of the Charged Assets or any part thereof, or concur in so doing in such manner, for such consideration, and generally on such terms and conditions as such Receiver may think fit with full power to convey, transfer or otherwise deal with the Charged Assets, or any part thereof, in the name and on behalf of the Chargor or the estate owner. Any consideration may be cash debentures or other obligations, shares, stock, securities or other valuable consideration, and may be payable immediately, or by instalments spread over such period as such Receiver shall think fit, and so that any consideration received in a form other than cash shall ipso facto forthwith be and become charged with the payment of all moneys, obligations and liabilities hereby secured; and plant, machinery and fixtures may be severed and sold separately from the premises containing them and the Receiver may apportion any rent and the performance of any obligations affecting the premises sold without the consent of the Chargor;
- (d) **Formation of Companies:** to promote the formation of companies with a view to the same purchasing, leasing, licensing or otherwise acquiring interest in all or any of the Charged Assets, arrange for such companies to trade or cease to trade, and to purchase, lease, license or otherwise acquire all or any of the Charged Assets on such terms and conditions, whether or not including payment by instalments, secured or unsecured, as such Receiver may think fit;
- (e) **Arrangements, etc.:** to make any arrangement or compromise or enter into any contracts which such Receiver shall think expedient;
- (f) **Repairs, etc.:** to make and effect all repairs, renewals and improvements to the Charged Assets, or any part thereof, as such Receiver may think fit and necessary and maintain, renew, take out or increase insurances;
- (g) **Appointment, etc.:** to appoint managers, agents, officers, servants, workmen and employees for all or any of such purposes at such salaries and commissions and for such periods and on such terms as such Receiver may determine and to dismiss the same;
- (h) **Making of Calls:** to make calls conditionally or unconditionally on the members of the Chargor in respect of any uncalled capital;
- (i) **Exercise of Borrower's Powers:** without any further consent by or notice to the Chargor, to exercise on behalf of the Chargor, as the case may be, all the powers conferred on the Chargor as tenant, lessee or licensee and without any liability in respect of powers so exercised or omitted to be exercised;

- (j) **Entry into Premises:** the Receiver and any person(s) duly authorized by him shall, for the purpose of exercising any of the Receiver's powers aforementioned, have the right to enter any premises where the Charged Assets or any part thereof, may for the time being be, or where they are reasonably thought to be placed, and to remain on such premises for so long as may be necessary for the Receiver or such authorized person(s) to exercise such powers as aforesaid and where any such premises belong to, or is in the control of third parties, the Chargor shall procure access to such premises for the Receiver or such authorized person(s);
- (k) **Exercise of Powers:** to exercise all the powers, authorities and discretion conferred in this Deed on the Security Trustee and all powers, authorities and discretions as may from time to time be vested in such Receiver by the Security Trustee; and
- (l) **Other Acts:** to do all such other acts and things (including but not limited to the signing of any document or the execution of any deeds and documents) incidental to the exercise of any of the rights conferred on the Receiver under applicable statutory provisions and common law or as may be considered by such Receiver to be incidental or conducive to any of the matters or powers aforesaid and which he lawfully may or can do and he may act in his own name or in the name of the Chargor for all the purposes aforesaid.

12. **PROCEEDS OF SECURITY REALIZATION**

12.1 **Proceeds of Realization.** All moneys received by the Security Trustee and/or any Receiver arising from any such sale, letting, leasing, calling in, collection, dealing or other disposition under the powers conferred upon the Security Trustee and/or upon any Receiver, after the security hereby created has become enforceable, shall be held upon trust and applied in accordance with Clause 4.1 of the Security Trust Deed but so that if and for so long as the Chargor has any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to apply the same as mentioned above until all such liability is ascertained and due, and the same shall form part of the Charged Assets.

12.2 **No Liability to Receiver.** Save as aforesaid, the Security Trustee shall be under no liability to the Receiver for his remuneration, costs, charges or expenses.

13. **NON-LIABILITY OF RECEIVER OR SECURITY TRUSTEE**

13.1 **No Liability.** In any event, neither the Security Trustee nor the Receiver, shall be liable, by reason of any entry into, or taking of, possession of the Charged Assets, or any part thereof to account as mortgagee in possession or for anything, except actual receipts, or be liable for any loss on realization, or for any default or omission for which a mortgagee in possession might be liable. No restrictions imposed by any ordinance by law on any immediate or other power of sale or on the consolidation of other securities shall apply to this security or to any security at any time given to the Security Trustee pursuant hereto or pursuant to any other agreement at any time entered into between the Security Trustee and/or the Chargor and/or any other Obligors.

14. THIRD PARTY ENQUIRIES

14.1 **Third Party Enquiries.** No person dealing with the Security Trustee, or any Receiver appointed by the Security Trustee, or with its or his attorneys or agents, shall be concerned to enquire whether any Event of Default has occurred to authorize the Receiver or the Security Trustee to act, or whether the right of the Security Trustee or any Receiver appointed by it to exercise any of the powers hereby conferred has arisen or become exercisable or not, or be concerned with notice to the contrary, or whether the security hereby constituted has become enforceable, or whether the power exercised, or purported to be exercised, has become exercisable, or whether any money remains due upon the security of this Deed, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale, calling-in, collection or conversion or power exercised, or to see to the application of any money paid to the Security Trustee, or to any Receiver, or its or his attorneys or managers or agents, and, in the absence of fraud or gross negligence on the part of such person, such dealing shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred, and to be valid and effectual accordingly; and the remedy of the Chargor in respect of any irregularity or impropriety whatsoever in the exercise of such powers shall be in damages only.

14.2 **Not Answerable for Loss.** Notwithstanding the aforesaid, the Security Trustee shall not be answerable for any involuntary losses which may happen in the exercise of the aforesaid powers and trusts or any of them.

15. SECURITY TRUSTEE'S OR RECEIVER'S RECEIPT

15.1 **Security Trustee's or Receiver's Receipts.** Upon any such letting, leasing, sale, calling-in, collection or conversion as above-mentioned, and upon any other dealing or transaction under the provisions herein, the receipt of the Security Trustee or any Receiver for the rent or proceeds of the Charged Assets, and for any other moneys paid to it or him shall effectually discharge the tenant, lessee, purchaser or person paying the same therefrom, and from being concerned to see to the application, or being answerable for the loss or misapplication, thereof.

16. REGISTRATION

- 16.1 **Bermuda Registration.** The Chargor shall
- (a) as soon as reasonably practicable after execution of this Deed effect registration, or assist the Security Trustee in effecting registration, of the charges created by this Deed with the Registrar of Companies of Bermuda pursuant to the Bermuda Companies Act, 1981, as amended by making the required filing, or assisting the Security Trustee in making the required filing, in the approved form with the Registrar of Companies of Bermuda and (if applicable) provide confirmation in writing to the Security Trustee that such filing has been made
 - (b) as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee, the certificate of registration of charge issued by the Registrar of Companies of Bermuda and the filed stamped copy of Form 9 containing the relevant particulars of charge.

16.2 **Hong Kong Registration.** The Chargor shall procure this Deed to be registered with the HKCR within one month after the date hereof and as soon as reasonably practicable after receipt deliver or procure to be delivered to the Security Trustee the corresponding certificate of registration of charge issued by the Registrar of Companies of Hong Kong.

17. FURTHER ASSURANCES

17.1 **Further Assurances.** The Chargor shall, from time to time and at any time, whether before or after the security hereby constituted shall have become enforceable, promptly upon the Security Trustee so requiring by notice to it, execute and do and procure to be executed and done all such transfers, assignments, assurances, other Security (in such form as the Security Trustee shall require and, to the extent possible, on terms substantially similar to this Deed), acts and things (including but without limitation to registration) as the Security Trustee (whose opinion shall be conclusive and binding upon the Chargor) may require for perfecting the security hereby, or intended to be hereby, constituted and for facilitating the enforcement of the Charges, realization of the Charged Assets, or any part thereof, and the exercise of all the powers, authorities and discretions hereby conferred on the Security Trustee, any Receiver or any agent appointed by it, and the Chargor shall also give all notices, orders and directions which the Security Trustee may think expedient.

17.2 **Change in Laws, etc.** If any applicable law or regulation, or the introduction of, or a change in, any applicable law or regulation or in the interpretation or application thereof by any governmental or regulatory authority, renders any term, provision or condition of this Deed unlawful, ineffective, unenforceable or not in full compliance with such law or regulation, the Chargor hereby covenants and undertakes with the Security Trustee that the Chargor shall forthwith at the request of the Security Trustee (but at the Chargor's own costs) enter into and execute in favour of the Security Trustee a supplement or supplements or similar documents to this Deed for the purposes of (inter alia) remedying such illegality or ineffectiveness of the said terms, provisions or conditions hereof and/or perfecting the securities hereby constituted. This covenant shall be binding upon the Chargor, its successors-in-title, receivers and liquidators.

17.3 **Certificate by Security Trustee.** For the purposes of Clauses 17.1 and 17.2, a certificate in writing signed by or on behalf of the Security Trustee to the effect that any particular transfer, assignment, assurance, act or thing required by it is required shall (in the absence of manifest error) be conclusive evidence of the fact.

18. ATTORNEY

18.1 **Attorney** The Chargor hereby irrevocably, and by way of security, appoints the Security Trustee and the Receiver and any agent appointed by the Security Trustee or the Receiver, jointly and each of them severally, to be its attorney (with full power of delegation and substitution), and in its name and on its behalf, to insert the name of the Security Trustee, or its nominees, or of any purchaser, or to make any other alteration or addition in any instruments of transfer or documents which the Security Trustee may require for perfecting its title to or for vesting all or any of the Charged Assets in the Security Trustee, or its nominees, or in any purchaser, and to re-deliver the same thereafter, and without being limited by any of the foregoing, to execute, sign, seal as its act and deed deliver and do all

deeds, instruments, acts and things whatsoever which, in the opinion of the Security Trustee or Receiver or such agent (whose opinion shall be conclusive and binding upon the Chargor), may be necessary or expedient that the Chargor should execute, sign, seal, deliver or do for the purpose of carrying out any trust or obligation hereby declared or imposed upon the Chargor, or for giving to the Security Trustee or Receiver, or such agent on its behalf the full benefit of any of the provisions of this Deed for the Secured Obligations, or any part thereof, and generally, without limitation, to use the Chargor's name(s) in the exercise of all or any of the powers hereby conferred on the Security Trustee or the Receiver or such agent. The Chargor hereby covenants that it will ratify and confirm all that the attorney shall lawfully do or cause to be done by virtue of these presents.

18.2 **Wide Interpretation.** The power of attorney contained in this Clause shall be given a liberal construction and the widest possible interpretation and shall not be in any way limited by any other powers of attorney contained herein and the powers contained in this Clause 18 are without prejudice and in addition to any such other said powers of attorney.

19. ASSIGNMENTS AND TRANSFERS

19.1 **No Assignments or Transfers by the Chargor.** The Chargor may not assign or transfer any or all of its rights and/or obligations under this Deed.

19.2 **Assignment and Transfer by Security Trustee.** The Security Trustee may assign and/or transfer all or any of its rights and/or obligations under this Deed without the prior written consent of the Chargor. Where the assignee is a successor of the Security Trustee, upon such assignment and transfer taking effect, the assignee shall be and be deemed to be acting as security trustee for the Beneficiaries for the purposes of this Deed and in place of the Security Trustee.

19.3 **Assignment by Bondholders.** Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred its Bonds in accordance with the terms of that Bond Instrument.

19.4 **Survival of Representation.** Any representations, warranties, undertakings and arrangements on the part of the Chargor shall survive the making of any assignment or transfer by the Security Trustee hereunder, or under any of the Security Documents, the change in the name and/or constitution of the Security Trustee, or its amalgamation with, or absorption by any other corporation.

20. NOTICE

20.1 **Despatch of Notice.** Any notice, claim, or demand in connection with this Deed shall be in writing (each a "Notice"), and shall be delivered or sent to the recipient at its fax number, or address listed below, or any other fax number or address notified to the sender by the recipient for the purposes of this Deed:

To the Chargor:

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392

Attention The Board of Directors

To the Security Trustee:

Address 12/F, CCB Tower, 3 Connaught Road Central, Central,
Hong Kong
Fax (852) 2140 6088
Attention Rosche Yam / Carol Fan / Jason Xu

20.2 **Deemed Receipt of Notice.** Any notice shall be deemed to have been served:

- (a) if served by hand, when delivered and proof of delivery is obtained by the delivery party;
- (b) if served by overnight courier, on the next Business Day; or
- (c) if sent by facsimile, when despatched subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 5:00 p.m. on any day shall be deemed to have been received at 9:00 a.m. on the next Business Day.

Any notice received on a Sunday or public holiday shall be deemed to be received on the next Business Day.

21. **CONTINUING SECURITY**

21.1 **Continuing Security.** The security hereby constituted shall be, and will at all times hereafter, be a continuing security, and shall remain in operation to secure whatever may be the ultimate balance at any time or from time to time due to the Security Trustee in respect of the Secured Obligations (including all contingent liabilities) until all of the Secured Obligations have been paid off or satisfied in full.

21.2 **No Intermediate Satisfaction.** The security hereby constituted shall not be, or be deemed to be, affected satisfied or discharged by any intermediate payment or satisfaction from time to time or at any time of the whole, or any part, of the Secured Obligations, nor shall such continuing security be, or be deemed to be, in any way released or discharged by the release or partial release by the Security Trustee of any security hereby constituted, or by any other thing done or omitted or neglected to be done by the Security Trustee in relation to any such other security, or by the release or taking, holding, varying or non-enforcement of any other security, collateral, additional or otherwise whatsoever which may for the time being be held, or which may at any time hereafter be held, by the Security Trustee for securing the Secured Obligations or any part thereof.

21.3 **No Substitution.** The security hereby constituted is in addition to and not in substitution for any other security which the Security Trustee may at any time hold for the Secured Obligations, or any part thereof, and may be enforced without first having recourse to any such other security.

22. **PERSONAL LIABILITY**

22.1 **Obligation Personal.** The obligations, responsibility and liability on the part of the Chargor herein shall be personal to the Chargor, and shall not be affected, diminished or prejudiced by the release, discharge, surrender, variation, substitution or dissipation of all or any part or parts of the Charged Assets.

23. CONDITIONS OF RELEASE, ETC.

23.1 **Conditions of Release.** Any release, discharge or settlement under this Deed shall be conditional upon no security, disposition or payment of any principal and interest or other money by the Chargor or any other person being avoided, reduced or repaid for any reason and if such condition is not fulfilled, the Security Trustee shall be entitled to enforce this Deed as if such release, discharge or settlement had not occurred.

24. SECURITY BINDING NOTWITHSTANDING CHANGE AND ABSENCE OF GUARANTEEING POWERS

24.1 **Change of Constitution.** This security shall continue to be valid and binding for all purposes notwithstanding any change at any time or from time to time in the constitution of the Chargor.

24.2 **No Effect.** The liability of the Chargor hereunder shall not be affected by the absence of, or by any defective, excessive or irregular exercise of, the borrowing or guaranteeing powers of the Chargor or all or any of the Obligors or (as the case may be) by any of the Obligors being now or at any time hereafter under disability, or incapacity, or by any other fact or circumstance (whether known or not known to the Security Trustee and/or the Chargor and/or (as the case may be) any of the Obligors) as a result of which any indebtedness, or liability incurred or purported to be incurred by the Chargor or (as the case may be) any of the Obligors or any person purporting to act on behalf of them would otherwise become void or unenforceable by the Security Trustee against the Chargor and/or (as the case may be) any of the Obligors and the Chargor agrees that, in any such case, the security herein created shall not be affected, vitiated or impaired and the Chargor shall nevertheless be liable to the Security Trustee on a full indemnity basis for all the moneys hereby, or intended to be hereby, secured.

25. DISCHARGE OF SECURITY

25.1 **Final redemption.** Subject to Clauses 25.3 and 25.5, if the Security Trustee is satisfied that all the Secured Obligations have been irrevocably paid in full and that no further Secured Obligations may become outstanding, the Security Trustee shall promptly at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charges (except to the extent already disposed of or enforced against in accordance with this Deed).

25.2 **No recourse.** Any release, reassignment or discharge by the Security Trustee pursuant to this Clause 25.1 shall, in each case, be without recourse to, or any representation or warranty by, the Security Trustee or any other Beneficiaries or any of their respective nominees.

25.3 **Retention of security.** If the Security Trustee considers that any amount paid or credited to or recovered by any Beneficiary under any Transaction Document is capable of being avoided or otherwise set aside on the winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

25.4 **Consolidation.** Any restrictions on the consolidation of Security shall be excluded to the fullest extent permitted by law and the Security Trustee shall, so far as it is lawful and subject to other provisions of this Deed, be entitled to consolidate all or any of the Charges with any other Security whether in existence on the date of this Deed or in the future from time to time.

25.5 **Reinstatement.** If any payment by or recovery from the Chargor or any discharge or release given by a Beneficiary (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) under or in connection with any Transaction Document is avoided or reduced for any reason including, without limitation, as a result of insolvency, breach of fiduciary or statutory duties or any similar event:

- (a) the liabilities of the Chargor hereunder and the Charges shall continue as if such payment, recovery, discharge or release had not occurred; and
- (b) each Beneficiary shall be entitled to recover the value or amount of that payment or recovery from the Chargor and any and all Charges hereunder, as if such payment, recovery, discharge or release had not occurred.

26. **MODE OF EXECUTION**

26.1 **Execution.** Any document bearing what purports to be the seal or chop of the Chargor shall be deemed to be duly sealed with the seal and chopped with the chop of the Chargor and binding on the Chargor accordingly, and any document bearing what purports to be the signature of a director or any person in respect of whom notice shall have been given in writing to the Security Trustee that such director or person is authorized to sign on behalf of the Chargor shall be deemed to be duly signed by such director or person, and the Chargor shall not be at liberty to question or plead the validity or invalidity of the seal or chop or signature, nor to question or plead the capacity or incapacity of the party who affixed the same in such manner as to bind the Chargor, but nothing in this Deed contained shall be read so as to relieve the Chargor in respect of any liability under any document signed in the name of the Chargor, whether the seal or chop of the Chargor is thereto affixed or not.

26.2 **Deed.** This Deed is executed as a deed notwithstanding the Security Trustee executes under hand.

27. **GOVERNING LAW AND JURISDICTION**

27.1 **Governing Law.** This Deed shall be governed by and construed in accordance with the law of Hong Kong.

27.2 **Jurisdiction of Hong Kong courts.** The courts of Hong Kong have non-exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed

(including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**"). The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party will argue to the contrary.

27.3 **Submission of Chargor.** The submission of the Chargor to the jurisdiction of the Hong Kong courts shall not restrict the right of the Security Trustee to take proceedings against the Chargor in any other courts having, claiming or accepting jurisdiction over the Chargor, or any of its assets; nor shall the taking of proceedings in any one or more jurisdiction preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

27.4 **No Immunity.** The Chargor agrees that in any legal action or proceedings against it or the Charged Assets in connection with this Deed, no immunity from such legal action or proceedings shall be claimed by, or on behalf of, the Chargor or with respect to the Charged Assets or any part thereof, and the Chargor hereby irrevocably waives any such right of immunity which it or the Charged Assets, or any part thereof, now has/have, or may hereafter acquire, or which may be attributed to the Charged Assets, or any part thereof, and the Chargor consents generally, in respect of any such legal action or proceedings, to the giving of any relief, or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever, of any order or judgement which may be made or given in such action or proceedings.

28. MISCELLANEOUS

28.1 **Written Instrument.** No provision hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the amendment, waiver, discharge or termination is sought.

28.2 **No Waiver.** Time shall be of the essence of this Deed but no failure or delay by the Security Trustee in exercising or enforcing any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any right, remedy, power or privilege preclude any further exercise or enforcement thereof, or the exercise or enforcement of any other right, remedy, power or privilege. No waiver of any of the rights or powers of the Security Trustee or any consent of the Security Trustee shall be valid unless signed by the Security Trustee in writing. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers or privileges provided by law.

28.3 **Severance.** Any provision of this Deed prohibited by or held to be or rendered unlawful or unenforceable under any applicable law actually applied by any court of competent jurisdiction shall, to the extent required by such law, be severed from this Deed and rendered ineffective, so far as is possible without modifying the remaining provisions of this Deed. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by such law, to the end that this Deed shall be a valid and binding agreement enforceable in accordance with its terms.

28.4 **Determination.** In this Deed, any determination as to whether any event, situation or circumstances is "material", "necessary", "satisfactory", "ordinary", "reasonable"

or "expedient" shall be made by the Security Trustee in good faith, whose determination shall in the absence of manifest error be conclusive and binding on the Chargor.

28.5 **Additional Security.** The provisions contained in this Deed and the powers and privileges herein contained in favour of the Security Trustee are in addition and without prejudice to those contained in the other security or guarantee documents in respect of the Secured Obligations.

28.6 **Certification.** A certificate in writing signed by the manager or other duly authorized officer of the Security Trustee, stating the amount at any particular time due and payable by the Chargor to the Security Trustee under this Deed shall (in the absence of manifest error) be conclusive against the Chargor.

28.7 **Ambiguity.** Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail (to the maximum extent permitted by law).

28.8 **Counterparts.** This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

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.

THE CHARGOR

EXECUTED AS A DEED by affixing)
the common seal of **CHINA SMARTER**)
ENERGY GROUP HOLDINGS)
LIMITED in the presence of:)
)
)

.....
Signature of witness

.....
Signature of director

.....
Name of witness

.....
Name of director

THE SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
CHEER HOPE HOLDINGS LIMITED)
(展望控股有限公司))
in the presence of:)

Dated the _____ day of _____ 2015

MAX ACCESS LIMITED
(the "Chargor")

in favour of

CHEER HOPE HOLDINGS LIMITED
(**展望控股有限公司**)
(the "Security Trustee")

D E B E N T U R E

incorporating
a Floating Charge over the undertakings properties and assets
of **Max Access Limited**

King & Wood Mallesons
15 Queen's Road Central
Central
Hong Kong
T +852 3443 8300
F +852 3443 1299
www.kwm.com
Ref: 800-0006043/GL

THIS DEBENTURE is made on this day of 2015

BY :-

- (1) **MAX ACCESS LIMITED**, a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands (the "**Chargor**");

IN FAVOUR OF :-

- (2) **CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)** (a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands), acting on its own behalf and as security trustee for and on behalf of the Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS :-

- (A) The Chargor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the security trust deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司), the Listco, the Chargor, Rising Group International Limited and Surplus Basic Limited (as amended, supplemented and/or varied from time to time, the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 **Defined Terms.** In this Deed, unless a contrary indication appears or the context otherwise requires, terms used shall have the meanings given to them in the Bond Instrument and in addition:

"**Beneficiaries**" has the meaning given to it in the Security Trust Deed.

"**Bond Instrument**" means the instrument dated [*] 2015 issued by the Listco constituting the Bonds, each as may be amended, supplemented and/or varied from time to time.

"**BVI**" means the British Virgin Islands.

"**BVI Act**" means the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands.

"**Charged Assets**" means, in respect of the Chargor, the assets of the Chargor (other than the shares of China Smarter Energy Investment Limited for so long as they are subject to the Security granted under the Share Charge) from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"**Charges**" means all or any of the Security created or expressed to be created by or pursuant to this Deed.

this "**Deed**" means this Debenture.

"**Guarantor I**" means the Chargor.

"**Guarantor II**" means Rising Group International Limited, a company incorporated under BVI laws.

"**Guarantors**" means Guarantor I and Guarantor II.

"**HKCR**" means the Hong Kong Companies Registry.

"**Insolvency Act**" means the Insolvency Act, 2003 (as amended) of the British Virgin Islands.

"**Listco**" means China Smarter Energy Group Holdings Limited (HK Stock Code : 1004).

"**Obligors**" means the Listco, the Chargor, the Other Chargors and the Guarantors, and each an "**Obligor**".

"**Other Chargors**" means the Listco and Surplus Basic Limited.

"**Other Share Charges**" means the respective share charges dated the date of this Deed, each as may be amended, supplemented and/or varied from time to time, given in favour of the Security Trustee (as security trustee on behalf of the Bondholders) by :

- (a) the Listco over the shares representing the entire issued share capital of Guarantor II;
- (b) Surplus Basic Limited over the shares representing the entire issued share capital of Rander International Limited.

"**Party**" means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

"**Receiver**" means a receiver and/or manager appointed under this Deed; if more than one (1) Receiver is appointed pursuant to this Deed, references to a Receiver include each person so appointed, and, unless the context otherwise expressly requires, the expression "Receiver" means and includes all receivers and/or managers from time to time appointed and acting under and for the purpose of this Deed.

"**Release Date**" means the date upon which the Charged Assets are to be released pursuant to Clause 25.

"**Register of Charges**" means the register of charges of the Chargor maintained by the Chargor in accordance with section 162 of the BVI Act.

"**Registrar of Corporate Affairs**" means the Registrar of Corporate Affairs of the British Virgin Islands appointed under Section 229 of the BVI Act.

"**Secured Obligations**" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Beneficiaries or the Security Trustee under or pursuant to the Transaction Documents (other than the Subscription Agreements) and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any of the Beneficiaries or the Security Trustee or any Receiver may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"**Security**" means the security interests from time to time constituted by or pursuant to, or evidenced by, the Security Documents.

"**Share Charge**" means the share charge dated the date of this Deed in favour of the Security Trustee given in favour of the Security Trustee by the Chargor over the shares representing the entire issued share capital of China Smarter Energy Investment Limited, a company incorporated under Hong Kong laws, as may be amended, supplemented and/or varied from time to time.

1.2 **Construction.** In this Deed, unless the context otherwise requires, Clause 1 (Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 **Trust.** All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of the Beneficiaries from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 3.1 or the release of all or any part of the Charges from this Deed. The trust constituted by this Clause shall come into existence on the date of this Deed and shall last for so long as any of the Secured Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any dispositions made or to be made pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

2. COVENANT TO PAY

2.1 **As Primary Obligor.** The Chargor irrevocably and unconditionally guarantees and covenants to pay, as a primary obligor and not merely as a surety, for the

benefit of the Security Trustee (as trustee for the Beneficiaries), by way of an independent payment obligation, the punctual payment of the Secured Obligations when due.

3. SECURITY

3.1 **Floating Charge.** The Chargor, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all Secured Obligations charges and agrees to charge in favour of the Security Trustee (as trustee for the Bondholders) by way of FIRST FLOATING CHARGE all the Chargor's undertaking, property, assets, goodwill, rights and revenues not charged or assigned to the Security Trustee under the Share Charge, whatsoever and wheresoever, both present and future, including all of the following, so that the charge hereby created shall be a continuing security by way of first floating charge subject always to Clause 25:

- (a) all book and other debts now and hereafter at any time and from time to time due or owing to the Chargor;
- (b) the uncalled capital, goodwill and all patents, patent applications, trade marks, trade names, registered designs, copyrights, licences and ancillary and connected rights;
- (c) all plant and machinery and the benefit of all contracts, licences and warranties relating to the same, all computers, vehicles, office equipment and other equipment and the benefit of all contracts, licences and warranties relating to the same,
- (d) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of the Chargor or the use of any of its assets;
- (e) any letter of credit issued in favour of the Chargor and all certificates of deposit, bills of exchange and other negotiable instruments held by it; and
- (f) all receivables of the Chargor.

4. REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties.** The Chargor hereby represents and warrants to the Security Trustee that :-

- (a) the Chargor is the sole beneficial owner of, and has good title to, the Charged Assets and has the right to charge the same to the Security Trustee in the manner herein mentioned free from all adverse claims and encumbrances and has not assigned, charged, pledged or otherwise disposed of the Charged Assets;
- (b) the Chargor has been incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority and all licences as may be required to carry on its business as it is now being conducted;
- (c) the Chargor has power to enter into this Deed and comply with its obligations under it;
- (d) this Deed and the transactions thereunder do not contravene its constituent documents or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers, (or to the extent

- applicable the powers of its directors, to be exceeded);
- (e) it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it and allow it to be enforced;
 - (f) its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
 - (g) it benefits by entering into this Deed;
 - (h) no Event of Default is continuing;
 - (i) [other than as specified in Clause 16 (*Registration*), no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any governmental authority or agency in any relevant jurisdiction or of any creditors of the Chargor is required for or in connection with the execution, performance, validity, enforceability and admissibility in evidence in proceedings of this Deed, or the carrying out by the Chargor of any of the transactions contemplated hereby];
 - (j) [the obligations of the Chargor under this Deed are direct, general, unconditional obligations of the Chargor and rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract.]

4.2 **Validity of Representations.** The Chargor represents and warrants to and undertakes with the Security Trustee that each of the representations and warranties contained and referred to in Clause 4.1 is true and accurate as at the date hereof and will be true and accurate in all respects each day until the Release Day with reference to the then existing facts and circumstances.

5. COVENANTS AND UNDERTAKINGS

5.1 **Covenants and Undertakings relating to Charged Assets.** The Chargor hereby covenants and undertakes with the Security Trustee that at any time before the Release Date, the Chargor shall in relation to the Charged Assets:-

- (a) **Access to Charged Assets:** allow the Security Trustee and any persons authorized by the Security Trustee from time to time, at all reasonable times, to enter and remain upon any premises where the Charged Assets, or any title deeds or documents or books of account or other documents relating to the same, may for the time being be, and to view and inspect the same, and take inventories or copies thereof; and where any such premises belong to or are in the possession or control of any person other than the Chargor itself, the Chargor hereby undertake with the Security Trustee that it will at all times hereafter during the continuance of this security, upon request by the Security Trustee, procure entry for the Security Trustee to such premises and for such purposes as aforesaid;
- (b) **Insurances:** keep all the Charged Assets insured against such risks the Security Trustee reasonably requires in the name of the Chargor (with the Security Trustee's interest as mortgagee noted on the policy) and with a mortgagee loss payable clause to ensure payment of any loss to the Security Trustee in a form satisfactory to the Security Trustee and shall contain other provisions as the Security Trustee may require in the full replacement value

thereof and pay and discharge all premia and other moneys necessary for effecting and keeping up such insurances and produce to and deliver to the Security Trustee the original policy of such insurance and the receipt for every such payment AND if default shall at any time be made by the Chargor in effecting and keeping up such insurance, it shall be lawful for the Security Trustee to insure and keep insured all the Charged Assets and all moneys expended for such purpose together with interest calculated in accordance with Condition 11.3 of the Bond Instrument from the time of the same having been expended until the date of actual payment shall on demand be repaid by the Chargor and be deemed part of the Secured Obligations and be secured thereby and be recoverable accordingly;

- (c) **Outgoings, etc.:** pay the rent, rates, taxes, expenses and all outgoings in respect of all and any premises wherein the Charged Assets are placed and keep the same from being distrained for rent, rates or taxes, or from being taken under any execution, and at all times on demand produce to the Security Trustee, or its authorized agent, receipts for such rent, rates and taxes; and it shall be lawful for the Security Trustee to pay and discharge all rent, rates, taxes, expenses and all outgoings which at any time during the subsistence of this Deed may be, or may become, due and payable but unpaid by the Chargor in respect of such said premises in which the Charged Assets or any part thereof, are placed for the time being, and thereupon all such payments made by the Security Trustee together with interest calculated in accordance with Condition 11.3 of the Bond Instrument shall be deemed part of the Secured Obligations and be secured thereby;
- (d) **Collection of book debts.** until the Security Trustee otherwise directs, procure the prompt collection of the book and other debts of the Chargor except any advances to Listco or a company directly or indirectly wholly-owned by Listco;
- (e) **Depreciation of Charged Assets.** the Chargor shall not do or cause or permit to be done anything which can reasonably be expected in any way depreciate, jeopardise or otherwise prejudice the value of any of the Charged Assets taken as a whole. For the avoidance of doubt, no transfers at or above book value of any Charged Asset to the Listco or a company directly or indirectly wholly-owned by Listco shall be treated as a breach of this Clause; and
- (f) **Information.** the Chargor shall give to the Security Trustee upon receipt copies of all notices, requests and other documents sent or received with respect to the Charged Assets and give to the Security Trustee such other information regarding the Charged Assets as the Security Trustee shall reasonably require.

5.2 Payments by Security Trustee. If default shall be made by the Chargor in complying with, or performing, or discharging, any of its undertakings, obligations or liabilities hereunder, then without prejudice to any other rights or remedies which the Security Trustee may have hereunder against the Chargor, it shall be lawful for, but not incumbent upon, the Security Trustee to perform or discharge the same on behalf of the Chargor, and the Chargor agrees to repay to the Security Trustee on demand any sums of

money expended by the Security Trustee in connection therewith together with interest thereon calculated in accordance with Condition 11.3 of the Bond Instrument and calculated from the time of the same respectively having been expended until the date of actual repayment, and the same shall, until repayment, be deemed part of the Secured Obligations and be secured hereby and recoverable accordingly.

6. NEGATIVE UNDERTAKINGS

6.1 **Negative Undertakings.** The Chargor hereby further covenants and undertakes with the Security Trustee that, for at any time prior to the Release Date, the Chargor shall not without the prior written consent of the Security Trustee (acting on the authorisation of a Special Resolution):-

- (a) **No Encumbrances over Charged Assets:** create or agree to create or permit or suffer to arise or subsist any mortgage, charge, debenture, pledge, lien or other encumbrance or third party rights or equities whatsoever upon all or any of the Charged Assets, (whether by way of fixed or specific or floating charge or otherwise howsoever) ranking in priority to or *pari passu* with this Deed; and
- (b) **Disposal of Charged Assets:** sell, lend, transfer or otherwise dispose of the whole or any part of the Chargor's undertaking, properties, goodwill, rights or assets or revenues to any party other than an Obligor or a wholly-owned subsidiary of any Obligor, except for good consideration and at arm's length transaction in the ordinary course of its business either by a single transaction or by a number of transactions.

7. AUTOMATIC CRYSTALLIZATION/CONVERSION OF FLOATING CHARGE

7.1 **Automatic Crystallization.** Upon the occurrence of any Event of Default, the floating charge herein created shall immediately attach and become fixed as regards the Charged Assets without any notice from the Security Trustee, and without any other formality whatsoever.

7.2 **Partial Crystallization.** Without prejudice to the effect of Clauses 7.1 and 7.4, if the Chargor mortgages, charges, pledges or otherwise encumbers (whether by way of fixed or floating security or otherwise howsoever) any of the Charged Assets or attempts so to do without the prior consent in writing of the Security Trustee, or is otherwise in breach of any of the provisions in Clause 6.1(a) or Clause 6.1(b) hereof, or if any person levies or attempts to levy any distress, execution, sequestration or other process against any of the Charged Assets, the floating charge hereby created over the Charged Assets shall automatically, without notice or any other formality or process whatsoever, crystallize and operate as a fixed charge instantly on the occurrence of such event.

7.3 **Avoidance of Doubt.** For the avoidance of doubt, if crystallization of the floating charge pursuant to this Clause is in respect of part, but not all, of the Charged Assets, the floating charge shall subsist and remain in full force and effect as regards the remaining part or parts of the Charged Assets in respect of which the floating charge has not crystallized as aforesaid. The giving of a notice by the Security Trustee pursuant to Clause 7.4 in

relation to any class of the Charged Assets shall not be construed as a waiver or abandonment of the rights of the Security Trustee to serve similar notices in respect of any other class of the Charged Assets or of any other right of the Security Trustee and/or any Beneficiaries.

7.4 **Conversion of Floating Charge.** Without being in any way restricted or prejudiced by the effect of, and in addition to, the other provisions contained in this Deed, in particular, those contained in Clauses 7.1, 7.2 and 7.3 hereof, the Security Trustee may at any time, by notice in writing to the Chargor, convert the floating charge herein created into a fixed charge as regards any property or asset specified in the notice which the Security Trustee may in its absolute discretion consider to be in danger of being seized or sold under any form of distress, execution or other process, levied or threatened, and may (in the case of any levied or threatened distress, execution or other process) forthwith appoint a Receiver in respect thereof.

8. **EFFECT OF EVENT OF DEFAULT**

8.1 **Security Constituted.** The security hereby constituted shall become enforceable on the happening of any Event of Default.

9. **ENFORCEMENT OF SECURITY**

9.1 **Enforcement of Security.** At any time after the occurrence of an Event of Default or the security hereby constituted has become enforceable, it shall be lawful for the Security Trustee, and any person appointed by it including, but not limited to the Receiver, without any consent on the part of the Chargor or of any person to :-

- (a) **Selling, etc:** (whether or not the Security Trustee shall have made such entry or taken possession as aforesaid) sell, assign, call in, collect and convert into money the Charged Assets or any part thereof, or any interest therein, free from this Deed and any other estate, interests and rights to which this Deed has priority, with full power to sell the Charged Assets or any part thereof or any interest therein, either together or in parcels, and either by public auction or by public tender or by private tender or by private contract or a combination thereof and with such stipulations as to title, or evidence of commencement of title or otherwise, in such manner and subject to such conditions as the Security Trustee shall think fit, and either for a lump sum, or for a sum to be paid by instalments, or for a sum on account and subject to a charge or other security for the balance, and with full power to give any option to purchase the Charged Assets or any part thereof or any interest therein, or to buy in or rescind or vary any contract of sale of the Charged Assets or any part thereof or any interest therein, and to re-sell the same without being responsible for any loss which may be occasioned thereby, with power for the Security Trustee to grant any rights, easements or privileges as the Security Trustee shall in its absolute discretion think fit, and with full power to compromise and effect compositions, and for the purposes aforesaid, or any of them, to execute and do all such assurances and things as the Security Trustee shall think fit;
- (b) **Incidental Rights:** exercise all or any powers or rights incidental to the ownership of the Charged Assets;

- (c) **Settlement, etc.:** settle, adjust, refer to arbitration, compromise and arrange any claim, demand or dispute relating to the Charged Assets or any part thereof;
- (d) **Prosecution, etc.:** bring, prosecute, enforce, defend, compromise and abandon any claim, action, distress, suit or proceedings in relation to the Charged Assets or any part thereof;
- (e) **Management:** do all things necessary or desirable to preserve, maintain and manage the Charged Assets; and
- (f) **Realization:** do all things necessary or desirable for realizing the Charged Assets or any part thereof.

9.2 **Collection of book debts by Security Trustee.** If an Event of Default is continuing, the Security Trustee may notify the Chargor that:

- (a) the Chargor is prohibited from collecting the Chargor's book debts; and
- (b) the Security Trustee intends to collect the Chargor's book debts.

If the Security Trustee gives notice under this clause, then the Chargor agrees to:

- (i) the Security Trustee collecting the book debts and notifying debtors of the Security Trustee's interest in the book debts;
- (ii) the Security Trustee preparing and dispatching invoices in connection with the book debts, whether or not an invoice has been prepared previously or despatched in respect of a book debt; and
- (iii) use its best endeavours in assisting the Security Trustee to collect the book debts.

10. APPOINTMENT OF RECEIVER

10.1 **Appointment of Receiver.** Upon the occurrence of an Event of Default or if the security hereby constituted shall have become enforceable, the Security Trustee may, without further notice, in writing appoint, under the hand of the manager or other officer of the Security Trustee, such person or persons as it thinks fit to be a Receiver of the Charged Assets or any part thereof and the Security Trustee may from time to time remove any Receiver so appointed, and appoint another or others in his place. The following provisions as to the appointment, powers, rights and duties of a Receiver shall have effect :-

- (a) **Timing:** such appointment may be made either before or after the Security Trustee shall have entered into or taken possession of the Charged Assets or any part thereof;
- (b) **Management:** such Receiver may be vested with such powers and discretions, including powers of management, as the Security Trustee may think expedient;

- (d) **Powers:** unless otherwise directed by the Security Trustee, such Receiver may exercise all the powers and authorities vested in the Security Trustee under the terms, provisions and stipulations hereof;
- (e) **Regulations of Security Trustee:** such Receiver shall in the exercise of his powers, authorities and discretions conform to any regulations and directions from time to time made and given by the Security Trustee provided that no person dealing with such Receiver shall be concerned to enquire whether such Receiver has so conformed to any such regulations or directions;
- (f) **Scope of Appointment:** such Receiver may at the Security Trustee's absolute discretion be appointed either Receiver of all the Charged Assets, or any parts thereof, as may be specified in the appointment and in such latter event the powers hereinbefore conferred on a Receiver shall have effect as though each reference therein to the Charged Assets were limited to the part(s) of the Charged Assets so specified;
- (g) **Remuneration:** the Security Trustee may from time to time fix the remuneration of such Receiver and direct payment thereof out of the Charged Assets or any part(s) thereof of which he has been appointed Receiver or the income thereof but the Chargor shall be solely liable for payment of such remuneration and the Receiver shall be entitled to retain out of any money received by him that remuneration and all costs, charges and expenses properly incurred by him as Receiver;
- (h) **Security:** the Security Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as such Receiver, and may fix the nature and amount of the security to be so given, but the Security Trustee shall not be bound in any case to require any such security;
- (i) **Paying over the Security Trustee:** save so far as otherwise directed by the Security Trustee, all moneys from time to time received by such Receiver shall be paid over to the Security Trustee upon trust declared herein;
- (j) **Paying over to Receiver:** the Security Trustee may pay over to such Receiver any moneys constituting part of the Charged Assets, or the income thereof, to the intent that the same may be applied for the purposes hereof by such Receiver, and the Security Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver;
- (k) **Raising of Moneys:** subject as hereinafter provided, any such Receiver may, for the purpose of defraying any costs, charges, losses or expenses (including his remuneration) which shall be incurred by him in the exercise of the powers, authorities and discretion vested in him and for all other purposes hereof, or any of them, raise and borrow money on the security of the Charged Assets, or any part thereof, or any interest therein, either in priority to the Secured Obligations and the moneys hereby secured and the security hereby constituted, or otherwise, and at such rate(s) of interest, and generally on such

terms and conditions as he may think fit, and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power, or to see to the application of any moneys so raised or borrowed, provided however, that a Receiver shall not exercise this present power without first obtaining the prior written consent of the Security Trustee;

- (l) **Name of Acts:** any Receiver may act in his own name or in the name of the Chargor and every such Receiver appointed in respect of the Charged Assets shall be the agent of the Chargor for all purposes, and the Chargor alone shall be responsible for his acts and defaults, loss or misconduct and for liabilities incurred by him and for his remuneration, and the Security Trustee shall not incur any liability therefor by reason of its making or consenting to his appointment as such Receiver;
- (m) **Indemnity:** every Receiver, attorney, manager, agent or other person appointed by the Security Trustee hereunder shall be entitled to be indemnified out of the Charged Assets, and the income thereof, in respect of all liabilities and expenses incurred by him in the execution, or purported execution, of the terms and conditions hereof, and against all actions, proceedings, claims and demands in respect of any matter or thing done or omitted in anywise relating to the Charged Assets, or any part thereof, and the Security Trustee may retain and pay out of any money in the Security Trustee's hands, arising from the terms and conditions of this Deed, all sums necessary to effect such indemnity and all such sums shall be a charge on the Charged Assets; and
- (n) **Joint and Several Appointment:** where more than one (1) Receiver is appointed in accordance with the provisions herein contained, any reference in this Deed to a Receiver shall apply to both or all of the Receivers so appointed, and the appointment of the Receivers shall be deemed to be a joint and several appointment to the intent that the rights, powers, duties and discretions vested in the Receivers may be exercised jointly by the Receivers so appointed, or severally by each of them.

10.2 **Security Trustee's Powers.** Without prejudice to the generality of the foregoing, at any time after the occurrence of an Event of Default or the security hereby constituted shall have become enforceable, the Security Trustee and any manager, employee, director or officer of the Security Trustee wheresoever situated, may, if the Security Trustee desires (but without being obliged to do so), without further notice and without first appointing a Receiver hereunder, exercise all the powers, rights and discretions conferred by this Deed, either expressly or by implication or reference, on a Receiver.

11. POWERS OF RECEIVER

11.1 **Powers of Receiver.** A Receiver shall be the agent of the Chargor and shall have the following powers:-

- (a) **Possession, etc.:** to take possession of the Charged Assets and to demand and recover all the income arising out of the Charged Assets, by action, distress or otherwise, in the name of either the Chargor or the Security Trustee,

to the full extent of the estate or interest which the Chargor could dispose of and to give effectual receipts accordingly for the same, and to take possession of, collect and get in all or any other property assets and rights hereby charged and to take any proceedings in the name of the Chargor or otherwise as may seem expedient and for that purpose to take, defend, discontinue and compromise any proceedings in the name of the Chargor or otherwise;

- (b) **Carrying on Business:** to carry on or authorize or concur in carrying on the business of the Chargor in relation to the Charged Assets or any part thereof and to manage, and conduct the same and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power or see to the application of any moneys so raised or borrowed Provided that a Receiver shall not exercise this power without first obtaining the prior written consent of the Security Trustee;
- (c) **Sales, etc.:** whether forthwith or later to sell by public auction or private contract or tender, let, surrender, or accept surrenders, grant licences or otherwise dispose of or deal with all or any of the Charged Assets or any part thereof, or concur in so doing in such manner, for such consideration, and generally on such terms and conditions as such Receiver may think fit with full power to convey, transfer or otherwise deal with the Charged Assets, or any part thereof, in the name and on behalf of the Chargor or the estate owner. Any consideration may be cash debentures or other obligations, shares, stock, securities or other valuable consideration, and may be payable immediately, or by instalments spread over such period as such Receiver shall think fit, and so that any consideration received in a form other than cash shall ipso facto forthwith be and become charged with the payment of all moneys, obligations and liabilities hereby secured; and plant, machinery and fixtures may be severed and sold separately from the premises containing them and the Receiver may apportion any rent and the performance of any obligations affecting the premises sold without the consent of the Chargor;
- (d) **Formation of Companies:** to promote the formation of companies with a view to the same purchasing, leasing, licensing or otherwise acquiring interest in all or any of the Charged Assets, arrange for such companies to trade or cease to trade, and to purchase, lease, license or otherwise acquire all or any of the Charged Assets on such terms and conditions, whether or not including payment by instalments, secured or unsecured, as such Receiver may think fit;
- (e) **Arrangements, etc.:** to make any arrangement or compromise or enter into any contracts which such Receiver shall think expedient;
- (f) **Repairs, etc.:** to make and effect all repairs, renewals and improvements to the Charged Assets, or any part thereof, as such Receiver may think fit and necessary and maintain, renew, take out or increase insurances;
- (g) **Appointment, etc.:** to appoint managers, agents, officers, servants, workmen and employees for all or any of such purposes at such salaries and commissions and for such periods and on such terms as such Receiver may determine and to dismiss the same;

- (h) **Making of Calls:** to make calls conditionally or unconditionally on the members of the Chargor in respect of any uncalled capital;
- (i) **Exercise of Borrower's Powers:** without any further consent by or notice to the Chargor, to exercise on behalf of the Chargor, as the case may be, all the powers conferred on the Chargor as tenant, lessee or licensee and without any liability in respect of powers so exercised or omitted to be exercised;
- (j) **Entry into Premises:** the Receiver and any person(s) duly authorized by him shall, for the purpose of exercising any of the Receiver's powers aforementioned, have the right to enter any premises where the Charged Assets or any part thereof, may for the time being be, or where they are reasonably thought to be placed, and to remain on such premises for so long as may be necessary for the Receiver or such authorized person(s) to exercise such powers as aforesaid and where any such premises belong to, or is in the control of third parties, the Chargor shall procure access to such premises for the Receiver or such authorized person(s);
- (k) **Exercise of Powers:** to exercise all the powers, authorities and discretion conferred in this Deed on the Security Trustee and all powers, authorities and discretions as may from time to time be vested in such Receiver by the Security Trustee; and
- (l) **Other Acts:** to do all such other acts and things (including but not limited to the signing of any document or the execution of any deeds and documents) incidental to the exercise of any of the rights conferred on the Receiver under applicable statutory provisions and common law or as may be considered by such Receiver to be incidental or conducive to any of the matters or powers aforesaid and which he lawfully may or can do and he may act in his own name or in the name of the Chargor for all the purposes aforesaid.

12. **PROCEEDS OF SECURITY REALIZATION**

12.1 **Proceeds of Realization.** All moneys received by the Security Trustee and/or any Receiver arising from any such sale, letting, leasing, calling in, collection, dealing or other disposition under the powers conferred upon the Security Trustee and/or upon any Receiver, after the security hereby created has become enforceable, shall be held upon trust and applied in accordance with Clause 4.1 of the Security Trust Deed but so that if and for so long as the Chargor has any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to apply the same as mentioned above until all such liability is ascertained and due, and the same shall form part of the Charged Assets.

12.2 **No Liability to Receiver.** Save as aforesaid, the Security Trustee shall be under no liability to the Receiver for his remuneration, costs, charges or expenses.

13. **NON-LIABILITY OF RECEIVER OR SECURITY TRUSTEE**

13.1 **No Liability.** In any event, neither the Security Trustee nor the Receiver, shall be liable, by reason of any entry into, or taking of, possession of the Charged Assets, or any part thereof to account as mortgagee in possession or for anything, except actual receipts, or be liable for any loss on realization, or for any default or omission for which a mortgagee in possession might be liable. No restrictions imposed by any ordinance by law on any immediate or other power of sale or on the consolidation of other securities shall apply to this security or to any security at any time given to the Security Trustee pursuant hereto or pursuant to any other agreement at any time entered into between the Security Trustee and/or the Chargor and/or any other Obligors.

14. **THIRD PARTY ENQUIRIES**

14.1 **Third Party Enquiries.** No person dealing with the Security Trustee, or any Receiver appointed by the Security Trustee, or with its or his attorneys or agents, shall be concerned to enquire whether any Event of Default has occurred to authorize the Receiver or the Security Trustee to act, or whether the right of the Security Trustee or any Receiver appointed by it to exercise any of the powers hereby conferred has arisen or become exercisable or not, or be concerned with notice to the contrary, or whether the security hereby constituted has become enforceable, or whether the power exercised, or purported to be exercised, has become exercisable, or whether any money remains due upon the security of this Deed, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale, calling-in, collection or conversion or power exercised, or to see to the application of any money paid to the Security Trustee, or to any Receiver, or its or his attorneys or managers or agents, and, in the absence of fraud or gross negligence on the part of such person, such dealing shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred, and to be valid and effectual accordingly; and the remedy of the Chargor in respect of any irregularity or impropriety whatsoever in the exercise of such powers shall be in damages only.

14.2 **Not Answerable for Loss.** Notwithstanding the aforesaid, the Security Trustee shall not be answerable for any involuntary losses which may happen in the exercise of the aforesaid powers and trusts or any of them.

15. **SECURITY TRUSTEE'S OR RECEIVER'S RECEIPT**

15.1 **Security Trustee's or Receiver's Receipts.** Upon any such letting, leasing, sale, calling-in, collection or conversion as above-mentioned, and upon any other dealing or transaction under the provisions herein, the receipt of the Security Trustee or any Receiver for the rent or proceeds of the Charged Assets, and for any other moneys paid to it or him shall effectually discharge the tenant, lessee, purchaser or person paying the same therefrom, and from being concerned to see to the application, or being answerable for the loss or misapplication, thereof.

16. **REGISTRATION**

16.1 **BVI Registration.** The Chargor shall

(a) as soon as reasonably practicable after execution of this Deed:-

(i) create and maintain a Register of Charges for the Chargor to the extent

this has not already been done in accordance with Section 162 of the BVI Act;

- (ii) enter particulars as required by the BVI Act of the security interests created pursuant to this Deed in the Register of Charges and as soon as reasonably practicable after entry of such particulars has been made, provide the Security Trustee with a certified true copy of the updated Register of Charges; and
 - (iii) effect registration, or assist the Security Trustee in effecting registration, of the charge created by this Deed with the Registrar of Corporate Affairs pursuant to Section 163 of the BVI Act by making the required filing, or assisting the Security Trustee in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Security Trustee that such filing has been made.
- (b) as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

16.2 **Hong Kong Registration.** If the Chargor becomes required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to apply for registration as a registered non-Hong Kong company with the HKCR, the Chargor shall procure this Deed to be registered with the HKCR within one month after the date on which the Chargor is registered as a registered non-Hong Kong company with the HKCR.

17. **FURTHER ASSURANCES**

17.1 **Further Assurances.** The Chargor shall, from time to time and at any time, whether before or after the security hereby constituted shall have become enforceable, promptly upon the Security Trustee so requiring by notice to it, execute and do and procure to be executed and done all such transfers, assignments, assurances, other Security (in such form as the Security Trustee shall require and, to the extent possible, on terms substantially similar to this Deed), acts and things (including but without limitation to registration) as the Security Trustee (whose opinion shall be conclusive and binding upon the Chargor) may require for perfecting the security hereby, or intended to be hereby, constituted and for facilitating the enforcement of the Charges, realization of the Charged Assets, or any part thereof, and the exercise of all the powers, authorities and discretions hereby conferred on the Security Trustee, any Receiver or any agent appointed by it, and the Chargor shall also give all notices, orders and directions which the Security Trustee may think expedient.

17.2 **Change in Laws, etc.** If any applicable law or regulation, or the introduction of, or a change in, any applicable law or regulation or in the interpretation or application thereof by any governmental or regulatory authority, renders any term, provision or condition of this Deed unlawful, ineffective, unenforceable or not in full compliance with

such law or regulation, the Chargor hereby covenants and undertakes with the Security Trustee that the Chargor shall forthwith at the request of the Security Trustee (but at the Chargor's own costs) enter into and execute in favour of the Security Trustee a supplement or supplements or similar documents to this Deed for the purposes of (inter alia) remedying such illegality or ineffectiveness of the said terms, provisions or conditions hereof and/or perfecting the securities hereby constituted. This covenant shall be binding upon the Chargor, its successors-in-title, receivers and liquidators.

17.3 **Certificate by Security Trustee.** For the purposes of Clauses 17.1 and 17.2, a certificate in writing signed by or on behalf of the Security Trustee to the effect that any particular transfer, assignment, assurance, act or thing required by it is required shall (in the absence of manifest error) be conclusive evidence of the fact.

18. ATTORNEY

18.1 **Attorney** The Chargor hereby irrevocably, and by way of security, appoints the Security Trustee and the Receiver and any agent appointed by the Security Trustee or the Receiver, jointly and each of them severally, to be its attorney (with full power of delegation and substitution), and in its name and on its behalf, to insert the name of the Security Trustee, or its nominees, or of any purchaser, or to make any other alteration or addition in any instruments of transfer or documents which the Security Trustee may require for perfecting its title to or for vesting all or any of the Charged Assets in the Security Trustee, or its nominees, or in any purchaser, and to re-deliver the same thereafter, and without being limited by any of the foregoing, to execute, sign, seal as its act and deed deliver and do all deeds, instruments, acts and things whatsoever which, in the opinion of the Security Trustee or Receiver or such agent (whose opinion shall be conclusive and binding upon the Chargor), may be necessary or expedient that the Chargor should execute, sign, seal, deliver or do for the purpose of carrying out any trust or obligation hereby declared or imposed upon the Chargor, or for giving to the Security Trustee or Receiver, or such agent on its behalf the full benefit of any of the provisions of this Deed for the Secured Obligations, or any part thereof, and generally, without limitation, to use the Chargor's name(s) in the exercise of all or any of the powers hereby conferred on the Security Trustee or the Receiver or such agent. The Chargor hereby covenants that it will ratify and confirm all that the attorney shall lawfully do or cause to be done by virtue of these presents.

18.2 **Wide Interpretation.** The power of attorney contained in this Clause shall be given a liberal construction and the widest possible interpretation and shall not be in any way limited by any other powers of attorney contained herein and the powers contained in this Clause 18 are without prejudice and in addition to any such other said powers of attorney.

19. ASSIGNMENTS AND TRANSFERS

19.1 **No Assignments or Transfers by the Chargor.** The Chargor may not assign or transfer any or all of its rights and/or obligations under this Deed.

19.2 **Assignment and Transfer by Security Trustee.** The Security Trustee may assign and/or transfer all or any of its rights and/or obligations under this Deed without the prior written consent of the Chargor. Where the assignee is a successor of the Security Trustee, upon such assignment and transfer taking effect, the assignee shall be and be deemed

to be acting as security trustee for the Beneficiaries for the purposes of this Deed and in place of the Security Trustee.

19.3 **Assignment by Bondholders.** Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred its Bonds in accordance with the terms of that Bond Instrument.

19.4 **Survival of Representation.** Any representations, warranties, undertakings and arrangements on the part of the Chargor shall survive the making of any assignment or transfer by the Security Trustee hereunder, or under any of the Security Documents, the change in the name and/or constitution of the Security Trustee, or its amalgamation with, or absorption by any other corporation.

20. **NOTICE**

20.1 **Despatch of Notice.** Any notice, claim, or demand in connection with this Deed shall be in writing (each a “**Notice**”), and shall be delivered or sent to the recipient at its fax number, or address listed below, or any other fax number or address notified to the sender by the recipient for the purposes of this Deed:

To the Chargor:

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	The Board of Directors

To the Security Trustee:

Address	12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Fax	(852) 2140 6088
Attention	Rosche Yam / Carol Fan / Jason Xu

20.2 **Deemed Receipt of Notice.** Any notice shall be deemed to have been served:

- (a) if served by hand, when delivered and proof of delivery is obtained by the delivery party;
- (b) if served by overnight courier, on the next Business Day; or
- (c) if sent by facsimile, when despatched subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 5:00 p.m. on any day shall be deemed to have been received at 9:00 a.m. on the next Business Day.

Any notice received on a Sunday or public holiday shall be deemed to be received on the next Business Day.

21. **CONTINUING SECURITY**

21.1 **Continuing Security.** The security hereby constituted shall be, and will at all times hereafter, be a continuing security, and shall remain in operation to secure whatever may be the ultimate balance at any time or from time to time due to the Security Trustee in respect of the Secured Obligations (including all contingent liabilities) until all of the Secured Obligations have been paid off or satisfied in full.

21.2 **No Intermediate Satisfaction.** The security hereby constituted shall not be, or be deemed to be, affected satisfied or discharged by any intermediate payment or satisfaction from time to time or at any time of the whole, or any part, of the Secured Obligations, nor shall such continuing security be, or be deemed to be, in any way released or discharged by the release or partial release by the Security Trustee of any security hereby constituted, or by any other thing done or omitted or neglected to be done by the Security Trustee in relation to any such other security, or by the release or taking, holding, varying or non-enforcement of any other security, collateral, additional or otherwise whatsoever which may for the time being be held, or which may at any time hereafter be held, by the Security Trustee for securing the Secured Obligations or any part thereof.

21.3 **No Substitution.** The security hereby constituted is in addition to and not in substitution for any other security which the Security Trustee may at any time hold for the Secured Obligations, or any part thereof, and may be enforced without first having recourse to any such other security.

22. **PERSONAL LIABILITY**

22.1 **Obligation Personal.** The obligations, responsibility and liability on the part of the Chargor herein shall be personal to the Chargor, and shall not be affected, diminished or prejudiced by the release, discharge, surrender, variation, substitution or dissipation of all or any part or parts of the Charged Assets.

23. **CONDITIONS OF RELEASE, ETC.**

23.1 **Conditions of Release.** Any release, discharge or settlement under this Deed shall be conditional upon no security, disposition or payment of any principal and interest or other money by the Chargor or any other person being avoided, reduced or repaid for any reason and if such condition is not fulfilled, the Security Trustee shall be entitled to enforce this Deed as if such release, discharge or settlement had not occurred.

24. **SECURITY BINDING NOTWITHSTANDING CHANGE AND ABSENCE OF GUARANTEEING POWERS**

24.1 **Change of Constitution.** This security shall continue to be valid and binding for all purposes notwithstanding any change at any time or from time to time in the constitution of the Chargor.

24.2 **No Effect.** The liability of the Chargor hereunder shall not be affected by the absence of, or by any defective, excessive or irregular exercise of, the borrowing or guaranteeing powers of the Chargor or all or any of the Obligors or (as the case may be) by any of the Obligors being now or at any time hereafter under disability, or incapacity, or by any other fact or circumstance (whether known or not known to the Security Trustee and/or the Chargor and/or (as the case may be) any of the Obligors) as a result of which any

indebtedness, or liability incurred or purported to be incurred by the Chargor or (as the case may be) any of the Obligors or any person purporting to act on behalf of them would otherwise become void or unenforceable by the Security Trustee against the Chargor and/or (as the case may be) any of the Obligors and the Chargor agrees that, in any such case, the security herein created shall not be affected, vitiated or impaired and the Chargor shall nevertheless be liable to the Security Trustee on a full indemnity basis for all the moneys hereby, or intended to be hereby, secured.

25. DISCHARGE OF SECURITY

25.1 **Final redemption.** Subject to Clauses 25.3 and 25.5, if the Security Trustee is satisfied that all the Secured Obligations have been irrevocably paid in full and that no further Secured Obligations may become outstanding, the Security Trustee shall promptly at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charges (except to the extent already disposed of or enforced against in accordance with this Deed).

25.2 **No recourse.** Any release, reassignment or discharge by the Security Trustee pursuant to this Clause 25.1 shall, in each case, be without recourse to, or any representation or warranty by, the Security Trustee or any other Beneficiaries or any of their respective nominees.

25.3 **Retention of security.** If the Security Trustee considers that any amount paid or credited to or recovered by any Beneficiary under any Transaction Document is capable of being avoided or otherwise set aside on the winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

25.4 **Consolidation.** Any restrictions on the consolidation of Security shall be excluded to the fullest extent permitted by law and the Security Trustee shall, so far as it is lawful and subject to other provisions of this Deed, be entitled to consolidate all or any of the Charges with any other Security whether in existence on the date of this Deed or in the future from time to time.

25.5 **Reinstatement.** If any payment by or recovery from the Chargor or any discharge or release given by a Beneficiary (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) under or in connection with any Transaction Document is avoided or reduced for any reason including, without limitation, as a result of insolvency, breach of fiduciary or statutory duties or any similar event:

- (a) the liabilities of the Chargor hereunder and the Charges shall continue as if such payment, recovery, discharge or release had not occurred; and
- (b) each Beneficiary shall be entitled to recover the value or amount of that payment or recovery from the Chargor and any and all Charges hereunder, as if such payment, recovery, discharge or release had not occurred.

26. MODE OF EXECUTION

26.1 **Execution.** Any document bearing what purports to be the seal or chop of the Chargor shall be deemed to be duly sealed with the seal and chopped with the chop of the Chargor and binding on the Chargor accordingly, and any document bearing what purports to be the signature of a director or any person in respect of whom notice shall have been given in writing to the Security Trustee that such director or person is authorized to sign on behalf of the Chargor shall be deemed to be duly signed by such director or person, and the Chargor shall not be at liberty to question or plead the validity or invalidity of the seal or chop or signature, nor to question or plead the capacity or incapacity of the party who affixed the same in such manner as to bind the Chargor, but nothing in this Deed contained shall be read so as to relieve the Chargor in respect of any liability under any document signed in the name of the Chargor, whether the seal or chop of the Chargor is thereto affixed or not.

26.2 **Deed.** This Deed is executed as a deed notwithstanding the Security Trustee executes under hand.

27. GOVERNING LAW AND JURISDICTION

27.1 **Governing Law.** This Deed shall be governed by and construed in accordance with the law of Hong Kong.

27.2 **Jurisdiction of Hong Kong courts.** The courts of Hong Kong have non-exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**"). The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party will argue to the contrary.

27.3 **Submission of Chargor.** The submission of the Chargor to the jurisdiction of the Hong Kong courts shall not restrict the right of the Security Trustee to take proceedings against the Chargor in any other courts having, claiming or accepting jurisdiction over the Chargor, or any of its assets; nor shall the taking of proceedings in any one or more jurisdiction preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

27.4 **No Immunity.** The Chargor agrees that in any legal action or proceedings against it or the Charged Assets in connection with this Deed, no immunity from such legal action or proceedings shall be claimed by, or on behalf of, the Chargor or with respect to the Charged Assets or any part thereof, and the Chargor hereby irrevocably waives any such right of immunity which it or the Charged Assets, or any part thereof, now has/have, or may hereafter acquire, or which may be attributed to the Charged Assets, or any part thereof, and the Chargor consents generally, in respect of any such legal action or proceedings, to the giving of any relief, or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever, of any order or judgement which may be made or given in such action or proceedings.

27.5 **Process Agent.** Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

- (a) irrevocably appoints the Listco of Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, as its agent for

service of process in relation to any proceedings before the Hong Kong courts in connection with this Deed and undertakes to have a party having a Hong Kong address to act as such agent and to promptly inform the Security Trustee in writing of any change in the party acting as such agent or change in the Hong Kong address of such agent; and

- (b) agrees that failure by a process agent to notify the Chargor of the process will not invalidate the proceedings concerned.

28. MISCELLANEOUS

28.1 **Written Instrument.** No provision hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the amendment, waiver, discharge or termination is sought.

28.2 **No Waiver.** Time shall be of the essence of this Deed but no failure or delay by the Security Trustee in exercising or enforcing any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any right, remedy, power or privilege preclude any further exercise or enforcement thereof, or the exercise or enforcement of any other right, remedy, power or privilege. No waiver of any of the rights or powers of the Security Trustee or any consent of the Security Trustee shall be valid unless signed by the Security Trustee in writing. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers or privileges provided by law.

28.3 **Severance.** Any provision of this Deed prohibited by or held to be or rendered unlawful or unenforceable under any applicable law actually applied by any court of competent jurisdiction shall, to the extent required by such law, be severed from this Deed and rendered ineffective, so far as is possible without modifying the remaining provisions of this Deed. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by such law, to the end that this Deed shall be a valid and binding agreement enforceable in accordance with its terms.

28.4 **Determination.** In this Deed, any determination as to whether any event, situation or circumstances is "material", "necessary", "satisfactory", "ordinary", "reasonable" or "expedient" shall be made by the Security Trustee in good faith, whose determination shall in the absence of manifest error be conclusive and binding on the Chargor.

28.5 **Additional Security.** The provisions contained in this Deed and the powers and privileges herein contained in favour of the Security Trustee are in addition and without prejudice to those contained in the other security or guarantee documents in respect of the Secured Obligations.

28.6 **Certification.** A certificate in writing signed by the manager or other duly authorized officer of the Security Trustee, stating the amount at any particular time due and payable by the Chargor to the Security Trustee under this Deed shall (in the absence of manifest error) be conclusive against the Chargor.

28.7 **Ambiguity.** Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail (to the maximum extent permitted by law).

28.8 **Counterparts.** This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

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.

THE CHARGOR

EXECUTED AS A DEED by affixing)
the common seal of **MAX ACCESS**)
LIMITED in the presence of:)
)
)
)

.....
Signature of witness

.....
Signature of director

.....
Name of witness

.....
Name of director

THE SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
CHEER HOPE HOLDINGS LIMITED)
(展望控股有限公司))
in the presence of:)

Dated the _____ day of _____ 2015

SURPLUS BASIC LIMITED
(the "Chargor")

in favour of

CHEER HOPE HOLDINGS LIMITED
(**展望控股有限公司**)
(the "Security Trustee")

D E B E N T U R E

incorporating
a Floating Charge over the undertakings properties and assets
of **Surplus Basic Limited**

King & Wood Mallesons
15 Queen's Road Central
Central
Hong Kong
T +852 3443 8300
F +852 3443 1299
www.kwm.com
Ref: 800-0006043/GL

THIS DEBENTURE is made on this day of 2015

BY :-

- (1) **SURPLUS BASIC LIMITED**, a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands (the "**Chargor**");

IN FAVOUR OF :-

- (2) **CHEER HOPE HOLDINGS LIMITED** (展望控股有限公司) (a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands), acting on its own behalf and as security trustee for and on behalf of the Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS :-

- (A) The Chargor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the security trust deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司), China Smarter Energy Group Holdings Limited, Max Access Limited, Rising Group International Limited and the Chargor (as amended, supplemented and/or varied from time to time, the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 **Defined Terms.** In this Deed, unless a contrary indication appears or the context otherwise requires, terms used shall have the meanings given to them in the Bond Instrument and in addition:

“**Beneficiaries**” has the meaning given to it in the Security Trust Deed.

“**Bond Instrument**” means the instrument dated [*] 2015 issued by the Listco constituting the Bonds, each as may be amended, supplemented and/or varied from time to time.

“**BVI**” means the British Virgin Islands.

“**BVI Act**” means the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands.

"**Charged Assets**" means, in respect of the Chargor, the assets of the Chargor (other than the shares of Rander International Limited for so long as they are subject to the Security granted under the Share Charge) from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"**Charges**" means all or any of the Security created or expressed to be created by or pursuant to this Deed.

this "**Deed**" means this Debenture.

"**Guarantor I**" means Max Access Limited, a company incorporated under BVI laws.

"**Guarantor II**" means Rising Group International Limited, a company incorporated under BVI laws.

"**Guarantors**" means Guarantor I and Guarantor II.

"**HKCR**" means the Hong Kong Companies Registry.

"**Insolvency Act**" means the Insolvency Act, 2003 (as amended) of the British Virgin Islands.

"**Listco**" means China Smarter Energy Group Holdings Limited (HK Stock Code : 1004).

"**Obligors**" means the Listco, the Chargor, the Other Chargors and the Guarantors, and each an "**Obligor**".

"**Other Chargors**" means the Listco and Max Access Limited.

"**Other Share Charges**" means the respective share charges dated the date of this Deed, each as may be amended, supplemented and/or varied from time to time, given in favour of the Security Trustee (as security trustee on behalf of the Bondholders) by:

- (a) the Listco over the shares representing the entire issued share capital of Guarantor II;
- (b) Guarantor I over the shares representing the entire issued share capital of China Smarter Energy Investment Limited.

"**Party**" means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

"**Receiver**" means a receiver and/or manager appointed under this Deed; if more than one (1) Receiver is appointed pursuant to this Deed, references to a Receiver include each person so appointed, and, unless the context otherwise expressly requires, the expression "Receiver" means and includes all receivers and/or managers from time to time appointed and acting under and for the purpose of this Deed.

"Release Date" means the date upon which the Charged Assets are to be released pursuant to Clause 25.

"Register of Charges" means the register of charges of the Chargor maintained by the Chargor in accordance with section 162 of the BVI Act.

"Registrar of Corporate Affairs" means the Registrar of Corporate Affairs of the British Virgin Islands appointed under Section 229 of the BVI Act.

"Secured Obligations" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Beneficiaries or the Security Trustee under or pursuant to the Transaction Documents (other than the Subscription Agreements) and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any of the Beneficiaries or the Security Trustee or any Receiver may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"Security" means the security interests from time to time constituted by or pursuant to, or evidenced by, the Security Documents.

"Share Charge" means the share charge dated the date of this Deed in favour of the Security Trustee given in favour of the Security Trustee by the Chargor over the shares representing the entire issued share capital of Rander International Limited, a company incorporated under BVI laws, as may be amended, supplemented and/or varied from time to time.

1.2 **Construction.** In this Deed, unless the context otherwise requires, Clause 1 (Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 **Trust.** All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of the Beneficiaries from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 3.1 or the release of all or any part of the Charges from this Deed. The trust constituted by this Clause shall come into existence on the date of this Deed and shall last for so long as any of the Secured Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any dispositions made or to be made pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

2. COVENANT TO PAY

2.1 **As Primary Obligor.** The Chargor irrevocably and unconditionally guarantees and covenants to pay, as a primary obligor and not merely as a surety, for the benefit of the Security Trustee (as trustee for the Beneficiaries), by way of an independent payment obligation, the punctual payment of the Secured Obligations when due.

3. SECURITY

3.1 **Floating Charge.** The Chargor, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all Secured Obligations charges and agrees to charge in favour of the Security Trustee (as trustee for the Bondholders) by way of FIRST FLOATING CHARGE all the Chargor's undertaking, property, assets, goodwill, rights and revenues not charged or assigned to the Security Trustee under the Share Charge, whatsoever and wheresoever, both present and future, including all of the following, so that the charge hereby created shall be a continuing security by way of first floating charge subject always to Clause 25:

- (a) all book and other debts now and hereafter at any time and from time to time due or owing to the Chargor;
- (b) the uncalled capital, goodwill and all patents, patent applications, trade marks, trade names, registered designs, copyrights, licences and ancillary and connected rights;
- (c) all plant and machinery and the benefit of all contracts, licences and warranties relating to the same, all computers, vehicles, office equipment and other equipment and the benefit of all contracts, licences and warranties relating to the same,
- (d) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of the Chargor or the use of any of its assets;
- (e) any letter of credit issued in favour of the Chargor and all certificates of deposit, bills of exchange and other negotiable instruments held by it; and
- (f) all receivables of the Chargor.

4. REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties.** The Chargor hereby represents and warrants to the Security Trustee that :-

- (a) the Chargor is the sole beneficial owner of, and has good title to, the Charged Assets and has the right to charge the same to the Security Trustee in the manner herein mentioned free from all adverse claims and encumbrances and has not assigned, charged, pledged or otherwise disposed of the Charged Assets;
- (b) the Chargor has been incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority and all licences as may be required to carry on its business as it is now being conducted;

- (c) the Chargor has power to enter into this Deed and comply with its obligations under it;
- (d) this Deed and the transactions thereunder do not contravene its constituent documents or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers, (or to the extent applicable the powers of its directors, to be exceeded);
- (e) it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it and allow it to be enforced;
- (f) its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (g) it benefits by entering into this Deed;
- (h) no Event of Default is continuing;
- (i) other than as specified in Clause 16 (*Registration*), no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any governmental authority or agency in any relevant jurisdiction or of any creditors of the Chargor is required for or in connection with the execution, performance, validity, enforceability and admissibility in evidence in proceedings of this Deed, or the carrying out by the Chargor of any of the transactions contemplated hereby;
- (j) the obligations of the Chargor under this Deed are direct, general, unconditional obligations of the Chargor and rank at least pari passu with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract.

4.2 **Validity of Representations.** The Chargor represents and warrants to and undertakes with the Security Trustee that each of the representations and warranties contained and referred to in Clause 4.1 is true and accurate as at the date hereof and will be true and accurate in all respects each day until the Release Day with reference to the then existing facts and circumstances.

5. COVENANTS AND UNDERTAKINGS

5.1 **Covenants and Undertakings relating to Charged Assets.** The Chargor hereby covenants and undertakes with the Security Trustee that at any time before the Release Date, the Chargor shall in relation to the Charged Assets:-

- (a) **Access to Charged Assets:** allow the Security Trustee and any persons authorized by the Security Trustee from time to time, at all reasonable times, to enter and remain upon any premises where the Charged Assets, or any title deeds or documents or books of account or other documents relating to the same, may for the time being be, and to view and inspect the same, and take inventories or copies thereof; and where any such premises belong to or are in the possession or control of any person other than the Chargor itself, the Chargor hereby undertake with the Security Trustee that it will at all times hereafter during the continuance of this security, upon request by the Security Trustee, procure entry for the Security Trustee to such premises and for such purposes as aforesaid;

- (b) **Insurances:** keep all the Charged Assets insured against such risks the Security Trustee reasonably requires in the name of the Chargor (with the Security Trustee's interest as mortgagee noted on the policy) and with a mortgagee loss payable clause to ensure payment of any loss to the Security Trustee in a form satisfactory to the Security Trustee and shall contain other provisions as the Security Trustee may require in the full replacement value thereof and pay and discharge all premia and other moneys necessary for effecting and keeping up such insurances and produce to and deliver to the Security Trustee the original policy of such insurance and the receipt for every such payment AND if default shall at any time be made by the Chargor in effecting and keeping up such insurance, it shall be lawful for the Security Trustee to insure and keep insured all the Charged Assets and all moneys expended for such purpose together with interest calculated in accordance with Condition 11.3 of the Bond Instrument from the time of the same having been expended until the date of actual payment shall on demand be repaid by the Chargor and be deemed part of the Secured Obligations and be secured thereby and be recoverable accordingly;
- (c) **Outgoings, etc.:** pay the rent, rates, taxes, expenses and all outgoings in respect of all and any premises wherein the Charged Assets are placed and keep the same from being distrained for rent, rates or taxes, or from being taken under any execution, and at all times on demand produce to the Security Trustee, or its authorized agent, receipts for such rent, rates and taxes; and it shall be lawful for the Security Trustee to pay and discharge all rent, rates, taxes, expenses and all outgoings which at any time during the subsistence of this Deed may be, or may become, due and payable but unpaid by the Chargor in respect of such said premises in which the Charged Assets or any part thereof, are placed for the time being, and thereupon all such payments made by the Security Trustee together with interest calculated in accordance with Condition 11.3 of the Bond Instrument shall be deemed part of the Secured Obligations and be secured thereby;
- (d) **Collection of book debts.** until the Security Trustee otherwise directs, procure the prompt collection of the book and other debts of the Chargor except any advances to Listco or a company directly or indirectly wholly-owned by Listco;
- (e) **Depreciation of Charged Assets.** the Chargor shall not do or cause or permit to be done anything which can reasonably be expected in any way depreciate, jeopardise or otherwise prejudice the value of any of the Charged Assets taken as a whole. For the avoidance of doubt, no transfers at or above book value of any Charged Asset to the Listco or a company directly or indirectly wholly-owned by Listco shall be treated as a breach of this Clause; and
- (f) **Information.** the Chargor shall give to the Security Trustee upon receipt copies of all notices, requests and other documents sent or received with respect to the Charged Assets and give to the Security Trustee such other information regarding the Charged Assets as the Security Trustee shall reasonably require.

5.2 **Payments by Security Trustee.** If default shall be made by the Chargor in complying with, or performing, or discharging, any of its undertakings, obligations or liabilities hereunder, then without prejudice to any other rights or remedies which the Security Trustee may have hereunder against the Chargor, it shall be lawful for, but not incumbent upon, the Security Trustee to perform or discharge the same on behalf of the Chargor, and the Chargor agrees to repay to the Security Trustee on demand any sums of money expended by the Security Trustee in connection therewith together with interest thereon calculated in accordance with Condition 11.3 of the Bond Instrument and calculated from the time of the same respectively having been expended until the date of actual repayment, and the same shall, until repayment, be deemed part of the Secured Obligations and be secured hereby and recoverable accordingly.

6. NEGATIVE UNDERTAKINGS

6.1 **Negative Undertakings.** The Chargor hereby further covenants and undertakes with the Security Trustee that, for at any time prior to the Release Date, the Chargor shall not without the prior written consent of the Security Trustee (acting on the authorisation of a Special Resolution):-

- (a) **No Encumbrances over Charged Assets:** create or agree to create or permit or suffer to arise or subsist any mortgage, charge, debenture, pledge, lien or other encumbrance or third party rights or equities whatsoever upon all or any of the Charged Assets, (whether by way of fixed or specific or floating charge or otherwise howsoever) ranking in priority to or *pari passu* with this Deed; and
- (b) **Disposal of Charged Assets:** sell, lend, transfer or otherwise dispose of the whole or any part of the Chargor's undertaking, properties, goodwill, rights or assets or revenues to any party other than an Obligor or a wholly-owned subsidiary of any Obligor, except for good consideration and at arm's length transaction in the ordinary course of its business either by a single transaction or by a number of transactions.

7. AUTOMATIC CRYSTALLIZATION/CONVERSION OF FLOATING CHARGE

7.1 **Automatic Crystallization.** Upon the occurrence of any Event of Default, the floating charge herein created shall immediately attach and become fixed as regards the Charged Assets without any notice from the Security Trustee, and without any other formality whatsoever.

7.2 **Partial Crystallization.** Without prejudice to the effect of Clauses 7.1 and 7.4, if the Chargor mortgages, charges, pledges or otherwise encumbers (whether by way of fixed or floating security or otherwise howsoever) any of the Charged Assets or attempts to do without the prior consent in writing of the Security Trustee, or is otherwise in breach of any of the provisions in Clause 6.1(a) or Clause 6.1(b) hereof, or if any person levies or attempts to levy any distress, execution, sequestration or other process against any of the Charged Assets, the floating charge hereby created over the Charged Assets shall automatically, without notice or any other formality or process whatsoever, crystallize and operate as a fixed charge instantly on the occurrence of such event.

7.3 **Avoidance of Doubt.** For the avoidance of doubt, if crystallization of the floating charge pursuant to this Clause is in respect of part, but not all, of the Charged Assets, the floating charge shall subsist and remain in full force and effect as regards the remaining part or parts of the Charged Assets in respect of which the floating charge has not crystallized as aforesaid. The giving of a notice by the Security Trustee pursuant to Clause 7.4 in relation to any class of the Charged Assets shall not be construed as a waiver or abandonment of the rights of the Security Trustee to serve similar notices in respect of any other class of the Charged Assets or of any other right of the Security Trustee and/or any Beneficiaries.

7.4 **Conversion of Floating Charge.** Without being in any way restricted or prejudiced by the effect of, and in addition to, the other provisions contained in this Deed, in particular, those contained in Clauses 7.1, 7.2 and 7.3 hereof, the Security Trustee may at any time, by notice in writing to the Chargor, convert the floating charge herein created into a fixed charge as regards any property or asset specified in the notice which the Security Trustee may in its absolute discretion consider to be in danger of being seized or sold under any form of distress, execution or other process, levied or threatened, and may (in the case of any levied or threatened distress, execution or other process) forthwith appoint a Receiver in respect thereof.

8. EFFECT OF EVENT OF DEFAULT

8.1 **Security Constituted.** The security hereby constituted shall become enforceable on the happening of any Event of Default.

9. ENFORCEMENT OF SECURITY

9.1 **Enforcement of Security.** At any time after the occurrence of an Event of Default or the security hereby constituted has become enforceable, it shall be lawful for the Security Trustee, and any person appointed by it including, but not limited to the Receiver, without any consent on the part of the Chargor or of any person to :-

- (a) **Selling, etc:** (whether or not the Security Trustee shall have made such entry or taken possession as aforesaid) sell, assign, call in, collect and convert into money the Charged Assets or any part thereof, or any interest therein, free from this Deed and any other estate, interests and rights to which this Deed has priority, with full power to sell the Charged Assets or any part thereof or any interest therein, either together or in parcels, and either by public auction or by public tender or by private tender or by private contract or a combination thereof and with such stipulations as to title, or evidence of commencement of title or otherwise, in such manner and subject to such conditions as the Security Trustee shall think fit, and either for a lump sum, or for a sum to be paid by instalments, or for a sum on account and subject to a charge or other security for the balance, and with full power to give any option to purchase the Charged Assets or any part thereof or any interest therein, or to buy in or rescind or vary any contract of sale of the Charged Assets or any part thereof or any interest therein, and to re-sell the same without being responsible for any loss which may be occasioned thereby, with power for the Security Trustee to grant any rights, easements or privileges as the Security Trustee shall in its absolute discretion think fit, and with full power to compromise

and effect compositions, and for the purposes aforesaid, or any of them, to execute and do all such assurances and things as the Security Trustee shall think fit;

- (b) **Incidental Rights:** exercise all or any powers or rights incidental to the ownership of the Charged Assets;
- (c) **Settlement, etc.:** settle, adjust, refer to arbitration, compromise and arrange any claim, demand or dispute relating to the Charged Assets or any part thereof;
- (d) **Prosecution, etc.:** bring, prosecute, enforce, defend, compromise and abandon any claim, action, distress, suit or proceedings in relation to the Charged Assets or any part thereof;
- (e) **Management:** do all things necessary or desirable to preserve, maintain and manage the Charged Assets; and
- (f) **Realization:** do all things necessary or desirable for realizing the Charged Assets or any part thereof.

9.2 **Collection of book debts by Security Trustee.** If an Event of Default is continuing, the Security Trustee may notify the Chargor that:

- (a) the Chargor is prohibited from collecting the Chargor's book debts; and
- (b) the Security Trustee intends to collect the Chargor's book debts.

If the Security Trustee gives notice under this clause, then the Chargor agrees to:

- (i) the Security Trustee collecting the book debts and notifying debtors of the Security Trustee's interest in the book debts;
- (ii) the Security Trustee preparing and dispatching invoices in connection with the book debts, whether or not an invoice has been prepared previously or despatched in respect of a book debt; and
- (iii) use its best endeavours in assisting the Security Trustee to collect the book debts.

10. **APPOINTMENT OF RECEIVER**

10.1 **Appointment of Receiver.** Upon the occurrence of an Event of Default or if the security hereby constituted shall have become enforceable, the Security Trustee may, without further notice, in writing appoint, under the hand of the manager or other officer of the Security Trustee, such person or persons as it thinks fit to be a Receiver of the Charged Assets or any part thereof and the Security Trustee may from time to time remove any Receiver so appointed, and appoint another or others in his place. The following provisions as to the appointment, powers, rights and duties of a Receiver shall have effect :-

- (a) **Timing:** such appointment may be made either before or after the Security Trustee shall have entered into or taken possession of the Charged Assets or any part thereof;

- (b) **Management:** such Receiver may be vested with such powers and discretions, including powers of management, as the Security Trustee may think expedient;
- (d) **Powers:** unless otherwise directed by the Security Trustee, such Receiver may exercise all the powers and authorities vested in the Security Trustee under the terms, provisions and stipulations hereof;
- (e) **Regulations of Security Trustee:** such Receiver shall in the exercise of his powers, authorities and discretions conform to any regulations and directions from time to time made and given by the Security Trustee provided that no person dealing with such Receiver shall be concerned to enquire whether such Receiver has so conformed to any such regulations or directions;
- (f) **Scope of Appointment:** such Receiver may at the Security Trustee's absolute discretion be appointed either Receiver of all the Charged Assets, or any parts thereof, as may be specified in the appointment and in such latter event the powers hereinbefore conferred on a Receiver shall have effect as though each reference therein to the Charged Assets were limited to the part(s) of the Charged Assets so specified;
- (g) **Remuneration:** the Security Trustee may from time to time fix the remuneration of such Receiver and direct payment thereof out of the Charged Assets or any part(s) thereof of which he has been appointed Receiver or the income thereof but the Chargor shall be solely liable for payment of such remuneration and the Receiver shall be entitled to retain out of any money received by him that remuneration and all costs, charges and expenses properly incurred by him as Receiver;
- (h) **Security:** the Security Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as such Receiver, and may fix the nature and amount of the security to be so given, but the Security Trustee shall not be bound in any case to require any such security;
- (i) **Paying over the Security Trustee:** save so far as otherwise directed by the Security Trustee, all moneys from time to time received by such Receiver shall be paid over to the Security Trustee upon trust declared herein;
- (j) **Paying over to Receiver:** the Security Trustee may pay over to such Receiver any moneys constituting part of the Charged Assets, or the income thereof, to the intent that the same may be applied for the purposes hereof by such Receiver, and the Security Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver;
- (k) **Raising of Moneys:** subject as hereinafter provided, any such Receiver may, for the purpose of defraying any costs, charges, losses or expenses (including his remuneration) which shall be incurred by him in the exercise of the powers,

authorities and discretion vested in him and for all other purposes hereof, or any of them, raise and borrow money on the security of the Charged Assets, or any part thereof, or any interest therein, either in priority to the Secured Obligations and the moneys hereby secured and the security hereby constituted, or otherwise, and at such rate(s) of interest, and generally on such terms and conditions as he may think fit, and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power, or to see to the application of any moneys so raised or borrowed, provided however, that a Receiver shall not exercise this present power without first obtaining the prior written consent of the Security Trustee;

- (l) **Name of Acts:** any Receiver may act in his own name or in the name of the Chargor and every such Receiver appointed in respect of the Charged Assets shall be the agent of the Chargor for all purposes, and the Chargor alone shall be responsible for his acts and defaults, loss or misconduct and for liabilities incurred by him and for his remuneration, and the Security Trustee shall not incur any liability therefor by reason of its making or consenting to his appointment as such Receiver;
- (m) **Indemnity:** every Receiver, attorney, manager, agent or other person appointed by the Security Trustee hereunder shall be entitled to be indemnified out of the Charged Assets, and the income thereof, in respect of all liabilities and expenses incurred by him in the execution, or purported execution, of the terms and conditions hereof, and against all actions, proceedings, claims and demands in respect of any matter or thing done or omitted in anywise relating to the Charged Assets, or any part thereof, and the Security Trustee may retain and pay out of any money in the Security Trustee's hands, arising from the terms and conditions of this Deed, all sums necessary to effect such indemnity and all such sums shall be a charge on the Charged Assets; and
- (n) **Joint and Several Appointment:** where more than one (1) Receiver is appointed in accordance with the provisions herein contained, any reference in this Deed to a Receiver shall apply to both or all of the Receivers so appointed, and the appointment of the Receivers shall be deemed to be a joint and several appointment to the intent that the rights, powers, duties and discretions vested in the Receivers may be exercised jointly by the Receivers so appointed, or severally by each of them.

10.2 **Security Trustee's Powers.** Without prejudice to the generality of the foregoing, at any time after the occurrence of an Event of Default or the security hereby constituted shall have become enforceable, the Security Trustee and any manager, employee, director or officer of the Security Trustee wheresoever situated, may, if the Security Trustee desires (but without being obliged to do so), without further notice and without first appointing a Receiver hereunder, exercise all the powers, rights and discretions conferred by this Deed, either expressly or by implication or reference, on a Receiver.

11. POWERS OF RECEIVER

11.1 **Powers of Receiver.** A Receiver shall be the agent of the Chargor and shall have the following powers:-

- (a) **Possession, etc.:** to take possession of the Charged Assets and to demand and recover all the income arising out of the Charged Assets, by action, distress or otherwise, in the name of either the Chargor or the Security Trustee, to the full extent of the estate or interest which the Chargor could dispose of and to give effectual receipts accordingly for the same, and to take possession of, collect and get in all or any other property assets and rights hereby charged and to take any proceedings in the name of the Chargor or otherwise as may seem expedient and for that purpose to take, defend, discontinue and compromise any proceedings in the name of the Chargor or otherwise;
- (b) **Carrying on Business:** to carry on or authorize or concur in carrying on the business of the Chargor in relation to the Charged Assets or any part thereof and to manage, and conduct the same and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power or see to the application of any moneys so raised or borrowed Provided that a Receiver shall not exercise this power without first obtaining the prior written consent of the Security Trustee;
- (c) **Sales, etc.:** whether forthwith or later to sell by public auction or private contract or tender, let, surrender, or accept surrenders, grant licences or otherwise dispose of or deal with all or any of the Charged Assets or any part thereof, or concur in so doing in such manner, for such consideration, and generally on such terms and conditions as such Receiver may think fit with full power to convey, transfer or otherwise deal with the Charged Assets, or any part thereof, in the name and on behalf of the Chargor or the estate owner. Any consideration may be cash debentures or other obligations, shares, stock, securities or other valuable consideration, and may be payable immediately, or by instalments spread over such period as such Receiver shall think fit, and so that any consideration received in a form other than cash shall ipso facto forthwith be and become charged with the payment of all moneys, obligations and liabilities hereby secured; and plant, machinery and fixtures may be severed and sold separately from the premises containing them and the Receiver may apportion any rent and the performance of any obligations affecting the premises sold without the consent of the Chargor;
- (d) **Formation of Companies:** to promote the formation of companies with a view to the same purchasing, leasing, licensing or otherwise acquiring interest in all or any of the Charged Assets, arrange for such companies to trade or cease to trade, and to purchase, lease, license or otherwise acquire all or any of the Charged Assets on such terms and conditions, whether or not including payment by instalments, secured or unsecured, as such Receiver may think fit;
- (e) **Arrangements, etc.:** to make any arrangement or compromise or enter into any contracts which such Receiver shall think expedient;

- (f) **Repairs, etc.:** to make and effect all repairs, renewals and improvements to the Charged Assets, or any part thereof, as such Receiver may think fit and necessary and maintain, renew, take out or increase insurances;
- (g) **Appointment, etc.:** to appoint managers, agents, officers, servants, workmen and employees for all or any of such purposes at such salaries and commissions and for such periods and on such terms as such Receiver may determine and to dismiss the same;
- (h) **Making of Calls:** to make calls conditionally or unconditionally on the members of the Chargor in respect of any uncalled capital;
- (i) **Exercise of Borrower's Powers:** without any further consent by or notice to the Chargor, to exercise on behalf of the Chargor, as the case may be, all the powers conferred on the Chargor as tenant, lessee or licensee and without any liability in respect of powers so exercised or omitted to be exercised;
- (j) **Entry into Premises:** the Receiver and any person(s) duly authorized by him shall, for the purpose of exercising any of the Receiver's powers aforementioned, have the right to enter any premises where the Charged Assets or any part thereof, may for the time being be, or where they are reasonably thought to be placed, and to remain on such premises for so long as may be necessary for the Receiver or such authorized person(s) to exercise such powers as aforesaid and where any such premises belong to, or is in the control of third parties, the Chargor shall procure access to such premises for the Receiver or such authorized person(s);
- (k) **Exercise of Powers:** to exercise all the powers, authorities and discretion conferred in this Deed on the Security Trustee and all powers, authorities and discretions as may from time to time be vested in such Receiver by the Security Trustee; and
- (l) **Other Acts:** to do all such other acts and things (including but not limited to the signing of any document or the execution of any deeds and documents) incidental to the exercise of any of the rights conferred on the Receiver under applicable statutory provisions and common law or as may be considered by such Receiver to be incidental or conducive to any of the matters or powers aforesaid and which he lawfully may or can do and he may act in his own name or in the name of the Chargor for all the purposes aforesaid.

12. PROCEEDS OF SECURITY REALIZATION

12.1 **Proceeds of Realization.** All moneys received by the Security Trustee and/or any Receiver arising from any such sale, letting, leasing, calling in, collection, dealing or other disposition under the powers conferred upon the Security Trustee and/or upon any Receiver, after the security hereby created has become enforceable, shall be held upon trust and applied in accordance with Clause 4.1 of the Security Trust Deed but so that if and for so long as the Chargor has any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to

apply the same as mentioned above until all such liability is ascertained and due, and the same shall form part of the Charged Assets.

12.2 **No Liability to Receiver.** Save as aforesaid, the Security Trustee shall be under no liability to the Receiver for his remuneration, costs, charges or expenses.

13. NON-LIABILITY OF RECEIVER OR SECURITY TRUSTEE

13.1 **No Liability.** In any event, neither the Security Trustee nor the Receiver, shall be liable, by reason of any entry into, or taking of, possession of the Charged Assets, or any part thereof to account as mortgagee in possession or for anything, except actual receipts, or be liable for any loss on realization, or for any default or omission for which a mortgagee in possession might be liable. No restrictions imposed by any ordinance by law on any immediate or other power of sale or on the consolidation of other securities shall apply to this security or to any security at any time given to the Security Trustee pursuant hereto or pursuant to any other agreement at any time entered into between the Security Trustee and/or the Chargor and/or any other Obligors.

14. THIRD PARTY ENQUIRIES

14.1 **Third Party Enquiries.** No person dealing with the Security Trustee, or any Receiver appointed by the Security Trustee, or with its or his attorneys or agents, shall be concerned to enquire whether any Event of Default has occurred to authorize the Receiver or the Security Trustee to act, or whether the right of the Security Trustee or any Receiver appointed by it to exercise any of the powers hereby conferred has arisen or become exercisable or not, or be concerned with notice to the contrary, or whether the security hereby constituted has become enforceable, or whether the power exercised, or purported to be exercised, has become exercisable, or whether any money remains due upon the security of this Deed, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale, calling-in, collection or conversion or power exercised, or to see to the application of any money paid to the Security Trustee, or to any Receiver, or its or his attorneys or managers or agents, and, in the absence of fraud or gross negligence on the part of such person, such dealing shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred, and to be valid and effectual accordingly; and the remedy of the Chargor in respect of any irregularity or impropriety whatsoever in the exercise of such powers shall be in damages only.

14.2 **Not Answerable for Loss.** Notwithstanding the aforesaid, the Security Trustee shall not be answerable for any involuntary losses which may happen in the exercise of the aforesaid powers and trusts or any of them.

15. SECURITY TRUSTEE'S OR RECEIVER'S RECEIPT

15.1 **Security Trustee's or Receiver's Receipts.** Upon any such letting, leasing, sale, calling-in, collection or conversion as above-mentioned, and upon any other dealing or transaction under the provisions herein, the receipt of the Security Trustee or any Receiver for the rent or proceeds of the Charged Assets, and for any other moneys paid to it or him shall effectually discharge the tenant, lessee, purchaser or person paying the same therefrom,

and from being concerned to see to the application, or being answerable for the loss or misapplication, thereof.

16. REGISTRATION

16.1 **BVI Registration.** The Chargor shall

(a) as soon as reasonably practicable after execution of this Deed:-

- (i) create and maintain a Register of Charges for the Chargor to the extent this has not already been done in accordance with Section 162 of the BVI Act;
- (ii) enter particulars as required by the BVI Act of the security interests created pursuant to this Deed in the Register of Charges and as soon as reasonably practicable after entry of such particulars has been made, provide the Security Trustee with a certified true copy of the updated Register of Charges; and
- (iii) effect registration, or assist the Security Trustee in effecting registration, of the charge created by this Deed with the Registrar of Corporate Affairs pursuant to Section 163 of the BVI Act by making the required filing, or assisting the Security Trustee in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Security Trustee that such filing has been made.

(b) as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

16.2 **Hong Kong Registration.** If the Chargor becomes required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to apply for registration as a registered non-Hong Kong company with the HKCR, the Chargor shall procure this Deed to be registered with the HKCR within one month after the date on which the Chargor is registered as a registered non-Hong Kong company with the HKCR and as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee the corresponding certificate of registration of charge issued by the Registrar of Companies of Hong Kong.

17. FURTHER ASSURANCES

17.1 **Further Assurances.** The Chargor shall, from time to time and at any time, whether before or after the security hereby constituted shall have become enforceable, promptly upon the Security Trustee so requiring by notice to it, execute and do and procure to be executed and done all such transfers, assignments, assurances, other Security (in such form as the Security Trustee shall require and, to the extent possible, on terms substantially

similar to this Deed), acts and things (including but without limitation to registration) as the Security Trustee (whose opinion shall be conclusive and binding upon the Chargor) may require for perfecting the security hereby, or intended to be hereby, constituted and for facilitating the enforcement of the Charges, realization of the Charged Assets, or any part thereof, and the exercise of all the powers, authorities and discretions hereby conferred on the Security Trustee, any Receiver or any agent appointed by it, and the Chargor shall also give all notices, orders and directions which the Security Trustee may think expedient.

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17.2 Change in Laws, etc. If any applicable law or regulation, or the introduction of, or a change in, any applicable law or regulation or in the interpretation or application thereof by any governmental or regulatory authority, renders any term, provision or condition of this Deed unlawful, ineffective, unenforceable or not in full compliance with such law or regulation, the Chargor hereby covenants and undertakes with the Security Trustee that the Chargor shall forthwith at the request of the Security Trustee (but at the Chargor's own costs) enter into and execute in favour of the Security Trustee a supplement or supplements or similar documents to this Deed for the purposes of (inter alia) remedying such illegality or ineffectiveness of the said terms, provisions or conditions hereof and/or perfecting the securities hereby constituted. This covenant shall be binding upon the Chargor, its successors-in-title, receivers and liquidators.

17.3 Certificate by Security Trustee. For the purposes of Clauses 17.1 and 17.2, a certificate in writing signed by or on behalf of the Security Trustee to the effect that any particular transfer, assignment, assurance, act or thing required by it is required shall (in the absence of manifest error) be conclusive evidence of the fact.

18. ATTORNEY

18.1 Attorney The Chargor hereby irrevocably, and by way of security, appoints the Security Trustee and the Receiver and any agent appointed by the Security Trustee or the Receiver, jointly and each of them severally, to be its attorney (with full power of delegation and substitution), and in its name and on its behalf, to insert the name of the Security Trustee, or its nominees, or of any purchaser, or to make any other alteration or addition in any instruments of transfer or documents which the Security Trustee may require for perfecting its title to or for vesting all or any of the Charged Assets in the Security Trustee, or its nominees, or in any purchaser, and to re-deliver the same thereafter, and without being limited by any of the foregoing, to execute, sign, seal as its act and deed deliver and do all deeds, instruments, acts and things whatsoever which, in the opinion of the Security Trustee or Receiver or such agent (whose opinion shall be conclusive and binding upon the Chargor), may be necessary or expedient that the Chargor should execute, sign, seal, deliver or do for the purpose of carrying out any trust or obligation hereby declared or imposed upon the Chargor, or for giving to the Security Trustee or Receiver, or such agent on its behalf the full benefit of any of the provisions of this Deed for the Secured Obligations, or any part thereof, and generally, without limitation, to use the Chargor's name(s) in the exercise of all or any of the powers hereby conferred on the Security Trustee or the Receiver or such agent. The Chargor hereby covenants that it will ratify and confirm all that the attorney shall lawfully do or cause to be done by virtue of these presents.

18.2 Wide Interpretation. The power of attorney contained in this Clause shall be given a liberal construction and the widest possible interpretation and shall not be in any

way limited by any other powers of attorney contained herein and the powers contained in this Clause 18 are without prejudice and in addition to any such other said powers of attorney.

19. ASSIGNMENTS AND TRANSFERS

19.1 **No Assignments or Transfers by the Chargor.** The Chargor may not assign or transfer any or all of its rights and/or obligations under this Deed.

19.2 **Assignment and Transfer by Security Trustee.** The Security Trustee may assign and/or transfer all or any of its rights and/or obligations under this Deed without the prior written consent of the Chargor. Where the assignee is a successor of the Security Trustee, upon such assignment and transfer taking effect, the assignee shall be and be deemed to be acting as security trustee for the Beneficiaries for the purposes of this Deed and in place of the Security Trustee.

19.3 **Assignment by Bondholders.** Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred its Bonds in accordance with the terms of that Bond Instrument.

19.4 **Survival of Representation.** Any representations, warranties, undertakings and arrangements on the part of the Chargor shall survive the making of any assignment or transfer by the Security Trustee hereunder, or under any of the Security Documents, the change in the name and/or constitution of the Security Trustee, or its amalgamation with, or absorption by any other corporation.

20. NOTICE

20.1 **Despatch of Notice.** Any notice, claim, or demand in connection with this Deed shall be in writing (each a “Notice”), and shall be delivered or sent to the recipient at its fax number, or address listed below, or any other fax number or address notified to the sender by the recipient for the purposes of this Deed:

To the Chargor:

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	The Board of Directors

To the Security Trustee:

Address	12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Fax	(852) 2140 6088
Attention	Rosche Yam / Carol Fan / Jason Xu

20.2 **Deemed Receipt of Notice.** Any notice shall be deemed to have been served:

- (a) if served by hand, when delivered and proof of delivery is obtained by the delivery party;

- (b) if served by overnight courier, on the next Business Day; or
- (c) if sent by facsimile, when despatched subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 5:00 p.m. on any day shall be deemed to have been received at 9:00 a.m. on the next Business Day.

Any notice received on a Sunday or public holiday shall be deemed to be received on the next Business Day.

21. CONTINUING SECURITY

21.1 **Continuing Security.** The security hereby constituted shall be, and will at all times hereafter, be a continuing security, and shall remain in operation to secure whatever may be the ultimate balance at any time or from time to time due to the Security Trustee in respect of the Secured Obligations (including all contingent liabilities) until all of the Secured Obligations have been paid off or satisfied in full.

21.2 **No Intermediate Satisfaction.** The security hereby constituted shall not be, or be deemed to be, affected satisfied or discharged by any intermediate payment or satisfaction from time to time or at any time of the whole, or any part, of the Secured Obligations, nor shall such continuing security be, or be deemed to be, in any way released or discharged by the release or partial release by the Security Trustee of any security hereby constituted, or by any other thing done or omitted or neglected to be done by the Security Trustee in relation to any such other security, or by the release or taking, holding, varying or non-enforcement of any other security, collateral, additional or otherwise whatsoever which may for the time being be held, or which may at any time hereafter be held, by the Security Trustee for securing the Secured Obligations or any part thereof.

21.3 **No Substitution.** The security hereby constituted is in addition to and not in substitution for any other security which the Security Trustee may at any time hold for the Secured Obligations, or any part thereof, and may be enforced without first having recourse to any such other security.

22. PERSONAL LIABILITY

22.1 **Obligation Personal.** The obligations, responsibility and liability on the part of the Chargor herein shall be personal to the Chargor, and shall not be affected, diminished or prejudiced by the release, discharge, surrender, variation, substitution or dissipation of all or any part or parts of the Charged Assets.

23. CONDITIONS OF RELEASE, ETC.

23.1 **Conditions of Release.** Any release, discharge or settlement under this Deed shall be conditional upon no security, disposition or payment of any principal and interest or other money by the Chargor or any other person being avoided, reduced or repaid for any reason and if such condition is not fulfilled, the Security Trustee shall be entitled to enforce this Deed as if such release, discharge or settlement had not occurred.

24. SECURITY BINDING NOTWITHSTANDING CHANGE AND ABSENCE OF GUARANTEEING POWERS

24.1 **Change of Constitution.** This security shall continue to be valid and binding for all purposes notwithstanding any change at any time or from time to time in the constitution of the Chargor.

24.2 **No Effect.** The liability of the Chargor hereunder shall not be affected by the absence of, or by any defective, excessive or irregular exercise of, the borrowing or guaranteeing powers of the Chargor or all or any of the Obligors or (as the case may be) by any of the Obligors being now or at any time hereafter under disability, or incapacity, or by any other fact or circumstance (whether known or not known to the Security Trustee and/or the Chargor and/or (as the case may be) any of the Obligors) as a result of which any indebtedness, or liability incurred or purported to be incurred by the Chargor or (as the case may be) any of the Obligors or any person purporting to act on behalf of them would otherwise become void or unenforceable by the Security Trustee against the Chargor and/or (as the case may be) any of the Obligors and the Chargor agrees that, in any such case, the security herein created shall not be affected, vitiated or impaired and the Chargor shall nevertheless be liable to the Security Trustee on a full indemnity basis for all the moneys hereby, or intended to be hereby, secured.

25. DISCHARGE OF SECURITY

25.1 **Final redemption.** Subject to Clauses 25.3 and 25.5, if the Security Trustee is satisfied that all the Secured Obligations have been irrevocably paid in full and that no further Secured Obligations may become outstanding, the Security Trustee shall promptly at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charges (except to the extent already disposed of or enforced against in accordance with this Deed).

25.2 **No recourse.** Any release, reassignment or discharge by the Security Trustee pursuant to this Clause 25.1 shall, in each case, be without recourse to, or any representation or warranty by, the Security Trustee or any other Beneficiaries or any of their respective nominees.

25.3 **Retention of security.** If the Security Trustee considers that any amount paid or credited to or recovered by any Beneficiary under any Transaction Document is capable of being avoided or otherwise set aside on the winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

25.4 **Consolidation.** Any restrictions on the consolidation of Security shall be excluded to the fullest extent permitted by law and the Security Trustee shall, so far as it is lawful and subject to other provisions of this Deed, be entitled to consolidate all or any of the Charges with any other Security whether in existence on the date of this Deed or in the future from time to time.

25.5 **Reinstatement.** If any payment by or recovery from the Chargor or any discharge or release given by a Beneficiary (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) under or in connection with any

Transaction Document is avoided or reduced for any reason including, without limitation, as a result of insolvency, breach of fiduciary or statutory duties or any similar event:

- (a) the liabilities of the Chargor hereunder and the Charges shall continue as if such payment, recovery, discharge or release had not occurred; and
- (b) each Beneficiary shall be entitled to recover the value or amount of that payment or recovery from the Chargor and any and all Charges hereunder, as if such payment, recovery, discharge or release had not occurred.

26. MODE OF EXECUTION

26.1 **Execution.** Any document bearing what purports to be the seal or chop of the Chargor shall be deemed to be duly sealed with the seal and chopped with the chop of the Chargor and binding on the Chargor accordingly, and any document bearing what purports to be the signature of a director or any person in respect of whom notice shall have been given in writing to the Security Trustee that such director or person is authorized to sign on behalf of the Chargor shall be deemed to be duly signed by such director or person, and the Chargor shall not be at liberty to question or plead the validity or invalidity of the seal or chop or signature, nor to question or plead the capacity or incapacity of the party who affixed the same in such manner as to bind the Chargor, but nothing in this Deed contained shall be read so as to relieve the Chargor in respect of any liability under any document signed in the name of the Chargor, whether the seal or chop of the Chargor is thereto affixed or not.

26.2 **Deed.** This Deed is executed as a deed notwithstanding the Security Trustee executes under hand.

27. GOVERNING LAW AND JURISDICTION

27.1 **Governing Law.** This Deed shall be governed by and construed in accordance with the law of Hong Kong.

27.2 **Jurisdiction of Hong Kong courts.** The courts of Hong Kong have non-exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**"). The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party will argue to the contrary.

27.3 **Submission of Chargor.** The submission of the Chargor to the jurisdiction of the Hong Kong courts shall not restrict the right of the Security Trustee to take proceedings against the Chargor in any other courts having, claiming or accepting jurisdiction over the Chargor, or any of its assets; nor shall the taking of proceedings in any one or more jurisdiction preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

27.4 **No Immunity.** The Chargor agrees that in any legal action or proceedings against it or the Charged Assets in connection with this Deed, no immunity from such legal action or proceedings shall be claimed by, or on behalf of, the Chargor or with respect to the Charged Assets or any part thereof, and the Chargor hereby irrevocably waives any such right of immunity which it or the Charged Assets, or any part thereof, now has/have, or may

hereafter acquire, or which may be attributed to the Charged Assets, or any part thereof, and the Chargor consents generally, in respect of any such legal action or proceedings, to the giving of any relief, or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever, of any order or judgement which may be made or given in such action or proceedings.

27.5 **Process Agent.** Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

- (a) irrevocably appoints the Listco of Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Deed and undertakes to have a party having a Hong Kong address to act as such agent and to promptly inform the Security Trustee in writing of any change in the party acting as such agent or change in the Hong Kong address of such agent; and
- (b) agrees that failure by a process agent to notify the Chargor of the process will not invalidate the proceedings concerned.

28. MISCELLANEOUS

28.1 **Written Instrument.** No provision hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the amendment, waiver, discharge or termination is sought.

28.2 **No Waiver.** Time shall be of the essence of this Deed but no failure or delay by the Security Trustee in exercising or enforcing any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any right, remedy, power or privilege preclude any further exercise or enforcement thereof, or the exercise or enforcement of any other right, remedy, power or privilege. No waiver of any of the rights or powers of the Security Trustee or any consent of the Security Trustee shall be valid unless signed by the Security Trustee in writing. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers or privileges provided by law.

28.3 **Severance.** Any provision of this Deed prohibited by or held to be or rendered unlawful or unenforceable under any applicable law actually applied by any court of competent jurisdiction shall, to the extent required by such law, be severed from this Deed and rendered ineffective, so far as is possible without modifying the remaining provisions of this Deed. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by such law, to the end that this Deed shall be a valid and binding agreement enforceable in accordance with its terms.

28.4 **Determination.** In this Deed, any determination as to whether any event, situation or circumstances is "material", "necessary", "satisfactory", "ordinary", "reasonable" or "expedient" shall be made by the Security Trustee in good faith, whose determination shall in the absence of manifest error be conclusive and binding on the Chargor.

28.5 **Additional Security.** The provisions contained in this Deed and the powers and privileges herein contained in favour of the Security Trustee are in addition and without prejudice to those contained in the other security or guarantee documents in respect of the Secured Obligations.

28.6 **Certification.** A certificate in writing signed by the manager or other duly authorized officer of the Security Trustee, stating the amount at any particular time due and payable by the Chargor to the Security Trustee under this Deed shall (in the absence of manifest error) be conclusive against the Chargor.

28.7 **Ambiguity.** Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail (to the maximum extent permitted by law).

28.8 **Chargor Not Exercise Rights.** The Chargor shall not (unless the Security Trustee otherwise directs) exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

- (a) to be indemnified by the Listco and/or any other Obligor; and/or
- (b) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee.

28.9 **No Security from Listco.** The Chargor declares that it has not taken any security from the Listco and agrees not to do so until the Release Date. Any security taken by the Chargor in breach of this provision and all moneys at any time received in respect thereof shall be paid to the Security Trustee immediately on receipt and before such monies are so paid by the Chargor, holding of such monies by the Chargor shall be done by the Chargor as trustee for the Security Trustee.

28.10 **Counterparts.** This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

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.

THE CHARGOR

EXECUTED AS A DEED by affixing)
the common seal of **SURPLUS BASIC**)
LIMITED in the presence of:)
)
)
)

.....
Signature of witness

.....
Signature of director

.....
Name of witness

.....
Name of director

THE SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
CHEER HOPE HOLDINGS LIMITED)
(展望控股有限公司))
in the presence of:)

SCHEDULE 3

FORM OF GUARANTEE

Dated _____ **2015**

MAX ACCESS LIMITED
and
RISING GROUP INTERNATIONAL LIMITED
(as Guarantors)

in favour of

CHEER HOPE HOLDINGS LIMITED
(展望控股有限公司)
(as Security Trustee)

GUARANTEE AND INDEMNITY

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BY:-

- (1) **Max Access Limited**, a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands (“**Guarantor I**”); and
- (2) **Rising Group International Limited**, a company incorporated and validly existing under the laws of the British Virgin Islands whose registered office is at Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands (“**Guarantor II**”);

(Guarantor I and Guarantor II are collectively referred to as the "**Guarantors**", and each a "**Guarantor**")

IN FAVOUR OF:-

Cheer Hope Holdings Limited(**展望控股有限公司**), a company incorporated in the British Virgin Islands and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands with principal place of business in Hong Kong situated at [*], acting on its own behalf and as security trustee for and on behalf of the Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS:-

- (A) The Guarantor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the Security Trust Deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司), the Listco, Guarantor I, Guarantor II and Surplus Basic Limited (as amended, supplemented and/or varied from time to time, the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:-

1. INTERPRETATION

1.1 Terms Defined

In this Deed, unless a contrary indication appears or the context otherwise requires,

terms used herein shall have the same meanings given to them in the Bond Instrument and in addition:-

"**Beneifiaries**" has the meaning given to it in the Security Trust Deed;

this "**Deed**" means this Guarantee.

"**Bonds**" means the 6% coupon convertible bonds due 2018 constituted by the Bond Instrument.

"**Bond Instrument**" means the instrument dated [*] 2015 issued by the Listco constituting the Bonds as such instrument may be amended, supplemented and/or varied from time to time.

"**Guaranteed Obligations**" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Bondholders or any of them under or pursuant to the Transaction Documents and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any Bondholders may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"**Listco**" means China Smarter Energy Group Holdings Limited, a company incorporated in Bermuda.

"**Parties**" means a party to this Deed and includes its or his successor in title, permitted assigns and transferees.

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

1.2 **Construction**

In this Deed, unless the context otherwise requires, clauses 1(Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 **Trust**

All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of itself as Security Trustee and each Bondholder from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 2.1 (*Guarantee*) or the release of all or any part of the guarantee constituted by this Deed. The trust constituted by this Clause shall

come into existence on the date of this Deed and shall last for so long as any of the Guaranteed Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any recoveries made or to be made by the Security Trustee pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

1.4 *Joint and Several Obligations*

Guarantor I and Guarantor II shall each assume joint and several liability with respect to the obligations and liability of the Guarantors hereunder. The guarantee, indemnity, representations, warranties, undertakings and covenants expressed to be given by the Guarantor hereunder shall be given by Guarantor I and Guarantor II jointly and severally.

2. **GUARANTEE AND INDEMNITY**

2.1 *Guarantee*

Each Guarantor hereby unconditionally and irrevocably guarantees to the Security Trustee and covenants to effect or arrange, as a primary obligor and not merely as surety, as a continuing obligation, the due and punctual payment of the Guaranteed Obligations in the currency in which the same is payable under the terms of the Bond Instrument and the due and punctual performance and observance by the Listco of all of its obligations contained in the Transaction Documents, and if the Listco fails to pay any amount of the Guaranteed Obligations when due, the Guarantor shall pay such amount to the Security Trustee in the required currency as aforesaid forthwith upon receiving the Security Trustee's first written demand.

2.2 *Demands*

Demands may be made under this Deed from time to time and may be enforced irrespective of whether any steps or proceedings are or will be taken against the Listco or any other person to recover the Guaranteed Obligations claimed under this Deed.

2.3 *Indemnity*

Without prejudice to the guarantee contained in Clause 2.1 (*Guarantee*), each Guarantor hereby unconditionally and irrevocably undertakes, as a separate, primary, additional and continuing obligation, to indemnify the Security Trustee (to the fullest extent permitted by applicable law) against all losses, liabilities, damages, costs and expenses whatsoever arising out of any failure by the Listco to make due and punctual payment of the Guaranteed Obligations and in the due and punctual performance and observance of all of their other obligations under the Transaction Documents. This indemnity shall remain in effect notwithstanding that the guarantee under Clause 2.1 (*Guarantee*) may cease to be valid or enforceable against any Guarantor for any reason whatsoever, until all obligations under the Transaction Documents have been irrevocably and unconditionally discharged in full.

3. CONTINUING GUARANTEE

3.1 *Continuing Guarantee*

This Deed shall be a continuing guarantee and shall remain in full force and effect until the Guaranteed Obligations have been paid and performed in full, notwithstanding the insolvency, liquidation or bankruptcy or any incapacity or change in the constitution or status of the Listco, any Guarantor or any other person or any intermediate settlement of account or other matter whatsoever. This Deed is in addition to, and independent of, any Security, guarantee or other security or right or remedy now or at any time hereafter held by or available to the Bondholders.

3.2 *Waiver of defences*

Neither the obligations of the Guarantors under this Deed nor this Deed will be affected by:

- (a) any time, waiver or consent granted to, or composition with, any Guarantor or any other person;
- (b) the release of any person under the terms of any composition or arrangement with any creditor of any such person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or security over assets of, any Guarantor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status or constitution of, any Guarantor or any other person;
- (e) any amendment (however fundamental) or replacement of any Transaction Document or any other document or Security;
- (f) any variation of the terms of the trust upon which the Security Trustee holds the guarantee constituted by this Deed;
- (g) any unenforceability, illegality or invalidity of any obligation of any person under any Transaction Document or any other document or Security;
- (h) any insolvency, bankruptcy or similar proceedings;
- (i) this Deed or any other Transaction Document not being validly executed by or binding against any party; or

- (j) any other act, omission, matter, event or thing whatsoever which but for this provision would or might operate to discharge, impair or affect the liability of any Guarantor under this Deed.

3.3 ***Immediate Recourse***

Each Guarantor waives any right it may have of first requiring the Security Trustee, any Bondholder (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from either Guarantor under this Deed. To the extent permitted by applicable law, this waiver applies irrespective of any law to the contrary.

3.4 ***Reinstatement***

If any payment by or recovery from any Guarantor or any discharge or release given by the Security Trustee or a Bondholder (whether in respect of the obligations of the Listco or any security for those obligations or otherwise) under or in connection with any Transaction Document is avoided or reduced for any reason including, without limitation, as a result of bankruptcy, insolvency, breach of fiduciary and statutory duties or any similar event:

- (a) the liabilities of the Guarantors hereunder and the guarantee under this Deed shall continue as if such payment, recovery, discharge or release had not occurred; and
- (b) the Security Trustee and each Bondholder shall be entitled to recover the value or amount of that payment or recovery from the Guarantors, and enforce this Deed as if such payment, recovery, discharge or release had not occurred.

3.5 ***Evidence of Debt***

Any statement of account signed as correct by the Security Trustee showing any amount due under the Transaction Documents or this Deed shall, in the absence of manifest error, be conclusive evidence of the amount so due.

4. **REPRESENTATIONS AND WARRANTIES**

4.1 ***Representations and Warranties***

Each Guarantor represents and warrants to the Security Trustee that:-

- (a) ***Power and Authority***: it is a company duly incorporated and validly existing under the laws of the British Virgin Islands and has all legal power and authority to own its property and assets and to carry on its business as such business is now being conducted and enter into each Security Document to which it is a party and perform its obligations hereunder; all actions required to authorise the execution and delivery of this Deed and the performance of its obligations hereunder have been duly taken;

- (b) **Legal Validity:** each Security Document to which it is a party constitutes or, when so executed and delivered, will constitute its legal, valid and binding obligations enforceable in accordance with its terms;
- (c) **Non-Conflict with Laws:** the entry into and performance of each Security Document to which it is a party and the transactions contemplated thereby do not and will not conflict with or result in a breach of (i) any law, judgment or regulation or any official or judicial order, or (ii) its constitutional documents; or (iii) any agreement or document to which it is a party or which is binding upon it or any of its assets or revenues or result in the creation or imposition of any Security on any part of its assets or revenues pursuant to the provisions of any such agreement or document;
- (d) **No Consent:** no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any governmental authority or agency in Hong Kong or any other relevant jurisdiction or any creditors of it is required for or in connection with the execution, validity, delivery and admissibility in evidence in the proceedings of each Security Document to which it is a party, or its carrying out of any of the transactions contemplated hereby;
- (e) **Litigation:** no bankruptcy, insolvency, litigation, arbitration or administrative proceeding is currently taking place or pending or threatened for the appointment of a liquidator, administrator, receiver, trustee in bankruptcy or similar offices of it or against it or its assets which would adversely affect its ability to perform its obligations under each Security Document to which it is a party;
- (f) **Taxes on Payments:** all payments to be made by it under each Security Document to which it is a party may be made by it free and clear of, and without deduction for, taxes and no deductions or withholdings are required to be made therefrom;
- (g) **Pari Passu Ranking:** its obligations under each Security Document to which it is a party rank at least pari passu with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract;
- (h) **Tax Liabilities:** it has complied with all tax laws in all jurisdictions in which it is subject to tax and has paid all taxes due and payable by it; no material claims are being asserted against it with respect to taxes;
- (i) **No Default:** no default under the Transaction Documents has occurred and is continuing;
- (i) **No Immunity:** it is generally subject to civil and commercial law and to legal proceedings and neither it nor any of its assets or revenues is entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process;

- (j) **Choice of Law:** in any proceedings taken in relation to each Security Document to which it is a party, the choice of Hong Kong law as the governing law of that Security Document is a valid choice of law and would be recognised and given effect to in any action brought before a court of competent jurisdiction in the British Virgin Islands, except for those laws (i) which such court considers to be procedural in nature; (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the British Virgin Islands and the courts of the British Virgin Islands would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the Hong Kong Courts against either Guarantor based upon the Security Documents under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the British Virgin Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the British Virgin Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the British Virgin Islands and (f) there is due compliance with the correct procedures under the laws of the British Virgin Islands;
- (k) **Shareholding:** its entire issued share capital is 100% legally and beneficially owned by the Listco; and
- (l) **Information:** all financial and other information supplied to the Security Trustee by it or on its behalf in connection with each Security Document to which it is a party are true and accurate in all material respects as at the date on which they were supplied (or, where such information is stated to be given as of a particular date, as of that particular date).

4.2 **Continuing Representation and Warranty**

Each Guarantor also represents and warrants to and undertakes with the Security Trustee that the foregoing representations and warranties will be true and accurate throughout the continuance of this Deed with reference to the facts and circumstances from time to time.

5. **PAYMENTS**

All payments by the Guarantors under this Deed (including damages for its breach) shall be made to such account in Hong Kong, with such financial institution and in such other manner as the Security Trustee may direct.

6. UNDERTAKINGS

6.1 *Duration*

The undertakings by the Guarantors under this Clause 6 shall, unless any contrary indication appears in this Clause 6, remain in force from and after the date hereof and so long as any amount is outstanding under the Transaction Documents or the Bonds remain outstanding.

6.2 *Notification of Defaults*

Each Guarantor will promptly inform the Security Trustee of any occurrence of any event which it becomes aware may adversely affect its ability to perform its obligations under the Security Documents to which it is a party in any material respect.

6.3 *Consents*

Each Guarantor will obtain and promptly renew from time to time and thereafter maintain in full force and effect, and will comply in all material respects with, all such authorisations as may be required under any applicable law or regulation to enable it to perform its obligations under the Security Documents to which it is a party or required for the validity or enforceability of the Transaction Documents.

6.4 *Pari Passu Ranking*

Each Guarantor shall procure that its obligations under the Security Documents to which it is a party do and will be secured to the extent of the Security Documents and shall otherwise rank at all times at least pari passu in right of priority and payment with all its other present and future, actual or contingent, unsecured and unsubordinated obligations, except for those which are mandatorily preferred by law applying to companies generally.

6.5 *Compliance with laws and regulations*

Each Guarantor shall comply in all material respects with all laws to which it may be subject.

6.6 *Change of Business*

Each Guarantor will not make or permit any material change to the nature of its business and operations as an investment holding company.

6.7 *Negative Pledge*

- (a) Each Guarantor shall not create or permit to subsist any security over any of its assets.
- (b) Paragraph (a) above does not apply to:
 - (i) any Security created pursuant to any Security Document; or

- (ii) any Security created with the prior written consent of the Bondholders representing a simple majority of outstanding principal amount of Bonds in issue.

6.8 ***Merger***

Each Guarantor shall not enter into any amalgamation, demerger, merger or corporate reconstruction (other than reorganisation as a result of which there is no change in ultimate beneficial ownership of that Guarantor).

6.9 ***Disposals***

Each Guarantor shall not enter into any transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset or business undertaking to any party other than the other Guarantor or a wholly-owned subsidiary of the other Guarantor.

6.10 ***Borrowings***

Each Guarantor shall not borrow any loans from any party other than the Listco or the other Guarantor or give any guarantee or indemnity (except as required under any of the Security Documents) to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent in respect of any obligation of any person other than the Listco, the other Guarantor or any wholly-owned subsidiary of any Guarantor.

6.11 ***Share Capital***

Each Guarantor will not without the prior written consent of the Security Trustee (acting on the instructions of the Bondholders representing a simple majority of the principal amount of Bonds outstanding), purchase or redeem any of its issued shares or reduce its share capital or make a distribution of assets or other capital distribution to its shareholders.

7. CLAIMS BY THE GUARANTOR

7.1 Each Guarantor represents to and undertakes with the Security Trustee that it has not taken and will not take any Security in respect of its liability under this Deed whether from the Listco or any other person.

7.2 Until all the Guaranteed Obligations have been irrevocably paid in full and no further Guaranteed Obligations may become outstanding and unless the Security Trustee otherwise directs, each Guarantor will not exercise any rights which it may have by reason of its performance of its obligations under the Security Documents:

- (a) to be indemnified by any person;

- (b) to claim any contribution from the Listco of its obligations under any or all of the Security Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Bondholders under the Transaction Documents or of any guarantee or other Security taken pursuant to, or in connection with, any or all of the Transaction Documents by any Bondholders.

If any Guarantor receives any payment or benefit in breach of this Clause, it shall hold the same upon trust for the Security Trustee as a continuing security for the Guaranteed Obligations.

8. FURTHER INDEMNITIES

8.1 *General Indemnity*

The Guarantors shall indemnify and keep the Security Trustee indemnified (to the fullest extent permissible by applicable law) from and against all reasonable costs, charges and expenses which it shall properly incur in connection with the exercise of any of its powers conferred by this Deed or the perfection, preservation or enforcement of the guarantee contained in this Deed.

8.2 *Currency Indemnity*

If an amount due to the Security Trustee from any Guarantor in one currency (the "**first currency**") is received by the Security Trustee in another currency (the "**second currency**"), the Guarantor's obligations to the Security Trustee in respect of such amount shall only be discharged to the extent that the Security Trustee 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 Guarantor shall indemnify the Security Trustee against the shortfall.

9. SUSPENSE ACCOUNT

The Security Trustee may place and keep any monies received under this Deed, before or after the insolvency or bankruptcy of any of the Guarantors or the Listco, to the credit an interest bearing suspense account in order to preserve the rights of the Security Trustee to sue or prove for the whole amount in respect of its claims against any of the Guarantors, the Listco or any other person.

10. APPLICATION OF PROCEEDS

All monies received by the Security Trustee hereunder shall be applied in or towards satisfaction of the Guaranteed Obligations (subject to the prior discharge of all liabilities having priority thereto by law) in the following order of priority:-

- (a) in payment or satisfaction of all costs, charges, expenses and liabilities properly incurred and payments made by or on behalf of the Security Trustee in connection with the exercise of any powers hereunder and in preserving or attempting to preserve the guarantee under this Deed;
- (b) in or towards reduction of the remaining Guaranteed Obligations in such manner as is provided in the Transaction Agreement;

but so that if and for so long as the Guarantors have any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to apply the same as mentioned above until all such liability is ascertained and due.

11. FURTHER ASSURANCE

Each Guarantor agrees that at any time and from time to time upon the written request of the Security Trustee it will promptly and duly execute and deliver any and all such further instruments and documents as the Security Trustee may deem desirable for the purpose of obtaining the full benefit of this Deed and of the rights and powers herein granted.

12. AMENDMENT, REMEDIES AND COUNTERPARTS

12.1 *Amendment*

Any provision of this Deed may be amended or waived only by agreement in writing between the Guarantor and the Security Trustee.

12.2 *Remedies*

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

12.3 *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 may execute this Deed by signing any such counterpart.

13. ASSIGNMENTS AND TRANSFERS

13.1 *No Assignments or Transfers by the Guarantor*

The Guarantors may not assign or transfer any or all of its rights and/or obligations under this Deed.

13.2 *Assignment and Transfer by Security Trustee to Successor*

The Security Trustee may:

- (a) assign all or any of its rights under this Deed; and
- (b) transfer all or any of its obligations (if any) under this Deed,

to any successor Security Trustee provided that it is acknowledged that such assignment and transfer may be effected by the execution by the Security Trustee and its successor of an assignment and transfer (without any need for the Guarantor to be party thereto). Upon such assignment and transfer taking effect, the successor Security Trustee shall be and be deemed to be acting as security trustee for the Bondholders for the purposes of this Deed and in place of the former Security Trustee.

13.3 *Assignment by the Bondholders*

Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred any of its Bonds in accordance with the provisions of the Bond Instrument.

14. NOTICES

14.1 *Notices*

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter at the address or fax number set out below (or such other address or fax number as the addressee has by five (5) Business Days' prior written notice specified to the other party):

To Guarantor I:-

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	Board of Directors

To Guarantor II:-

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	Board of Directors

To the Security Trustee:-

Name	Cheer Hope Holdings Limited (展望控股有限公司)
Address	12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Fax	+852 2140 6088
Attention	Rosche Yam/Carol Fan/Jason Xu

For any communication or document to be sent to the Guarantor under or pursuant to this Deed, it shall be sufficient if such communication or document is sent to either Guarantor without also sending such communication or document to the other Guarantor.

14.2 Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

- (a) if by way of fax, on the Business Day immediately following the date of dispatch; or
- (b) if by way of letter, when it has been left at the relevant address or 3 Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 14.1 (*Notices*), if addressed to that department or officer.

14.3 Any communication or document to be made or delivered to the Security Trustee will be effective only when actually received by the Security Trustee and then only if it is expressly marked for the attention of the department or officer set out in Clause 14.1 (*Notices*) (or any substitute department or officer as the Security Trustee shall specify for this purpose).

15. GOVERNING LAW AND JURISDICTION

15.1 *Governing Law*

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

15.2 *Jurisdiction*

- (a) The courts of Hong Kong have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**").
- (b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

15.3 *Service*

Each Guarantor irrevocably consents to any process in any Proceedings anywhere being served by mailing a copy by post in accordance with Clause 14 (*Notices*). Nothing shall affect the right to serve any process in any other manner permitted by law.

15.4 *Service of process*

Without prejudice to any other mode of service allowed under any relevant law, each Guarantor:

- (a) irrevocably appoints the Listco of Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Deed and undertakes to have a party having a Hong Kong address to act as such agent and to promptly inform the Security Trustee in writing of any change in the party acting as such agent or change in the Hong Kong address of such agent;
- (b) agrees that failure by a process agent to notify it of the process will not invalidate the proceedings concerned;

15.5 *Waiver of Immunities*

Each Guarantor waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

- (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- (b) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenues.

16. **RELEASE**

Without prejudice to Clause 3.4 (*Reinstatement*), the Security Trustee shall, at the request and expense of the Listco, release the Guarantor from their obligations under this Deed if the Security Trustee is satisfied that the Guaranteed Obligations are paid and discharged in full.

IN WITNESS whereof this Deed has been executed by the Parties and is intended to be and is hereby delivered by the Guarantor as a deed on the day and year first above written.

SIGNATURE PAGE

The COMMON SEAL of)
Max Access Limited)
was hereunto affixed and)
signed for and on its behalf by)
)
)
in the presence of:)

The COMMON SEAL of)
Rising Group International Limited)
was hereunto affixed and)
signed for and on its behalf by)
)
)
in the presence of:)

SIGNED by)
)
for and on behalf of)
Cheer Hope Holdings Limited)
(展望控股有限公司))
in the presence of:)

SCHEDULE 4

FORM OF SECURITY TRUST DEED

DATED **2015**

CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)
as Security Trustee

and

TAIPING TRUSTEES LIMITED (太平信託有限公司)
ZHONGTAI FINANCIAL INVESTMENT LIMITED (中泰金融投资有限公司)
CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)

and

HAITONG INTERNATIONAL FINANCIAL PRODUCTS LIMITED
(海通國際金融產品有限公司)
as Original Bondholders

and

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
MAX ACCESS LIMITED
RISING GROUP INTERNATIONAL LIMITED

and

SURPLUS BASIC LIMITED
as Original Obligors

SECURITY TRUST DEED

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THIS DEED is dated [•], 2015 and is made:

BETWEEN:

- (1) **CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)**, a company incorporated in the British Virgin Islands and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands with principal place of business in Hong Kong situated at 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong as security trustee for itself and the other Beneficiaries (in its capacity as such, the "**Security Trustee**", which expression shall include any person for the time being appointed as Security Trustee, or as an additional trustee, for the purpose of and in accordance with this Deed);
- (2) **TAIPING TRUSTEES LIMITED (太平信託有限公司)**, a company incorporated in Hong Kong and whose registered office is at 11/F, China Taiping Tower Phase I, 8 Sunning Road, Causeway Bay, Hong Kong ("**Bondholder 1**");
- (3) **ZHONGTAI FINANCIAL INVESTMENT LIMITED (中泰金融投资有限公司)**, a company incorporated in Hong Kong and whose registered office is at 7/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong ("**Bondholder 2**");
- (4) **CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)**, a company incorporated in the British Virgin Islands and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands ("**Bondholder 3**");
- (5) **HAITONG INTERNATIONAL FINANCIAL PRODUCTS LIMITED (海通國際金融產品有限公司)**, a company incorporated in Hong Kong and whose registered office is at 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong ("**Bondholder 4**", together with Bondholder 1, Bondholder 2 and Bondholder 3, the "**Original Bondholders**" and each an "**Original Bondholder**");
- (6) **CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED**, a company incorporated in Bermuda and whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda with principal place of business in Hong Kong situated at Room 2004-2005, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (the "**Issuer**");
- (7) **MAX ACCESS LIMITED**, a company incorporated in the British Virgin Islands and whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands (the "**Guarantor 1**");
- (8) **RISING GROUP INTERNATIONAL LIMITED**, a company incorporated in the British Virgin Islands and whose registered office is at Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands (the "**Guarantor 2**", together with Guarantor 1 and Guarantor 2, the "**Guarantors**" and each a "**Guarantor**"); and
- (9) **SURPLUS BASIC LIMITED**, a company incorporated in the British Virgin Islands and whose registered office is at Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands (the "**Surplus Basic Limited**", together with the Issuer, Guarantor 1 and Guarantor 2, the "**Original Obligors**" and each an "**Original Obligor**").

WHEREAS:

- (A) The Issuer has, on or about the date hereof executed the Bond Instrument (as defined below) under which it has constituted the Bonds (as defined below).
- (B) Each Original Bondholder is the holder of the principal amount of Bonds set out in Schedule 1 (*The Original Bondholders*).
- (C) The Original Obligors have granted the Security (as defined below) in favour of the Security Trustee.
- (D) The Parties have agreed to enter into this Deed to appoint the Security Trustee as the trustee of the Security upon and subject to the terms of this Deed.

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In this Deed, unless the context otherwise expressly requires or defined herein, capitalised terms shall have the meanings given to them in the Bond Instrument, and:

“**Affiliate**” means, in relation to any person, any other person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such other person and without limitation the term "control" is deemed to exist where there is possession, directly or indirectly, of the power to control the voting rights of more than 50% of the issued capital of a person or the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

“**Beneficiaries**” means:

- (a) the Bondholders;
- (b) the Security Trustee (which shall include any Receiver approved by the Security Trustee),

and “**Beneficiary**” shall mean any one of them.

“**Bond Instrument**” means the instrument dated [•] 2015 issued by the Issuer constituting the Bonds as such instrument may be amended, supplemented and/or varied from time to time.

“**Chargor**” means Surplus Basic Limited, Issuer and Guarantor 1;

“**Contractual Rights**” means all representations, covenants, guarantees, indemnities and other contractual provisions in favour of the Security Trustee (other than any such made or granted solely for its own benefit) made or granted by the Obligors in or pursuant to any of the Security Documents.

“**Majority Bondholders**” means in respect of any action to be done by the Security Trustee a Special Resolution passed by Bondholders with authorisation to the Security Trustee to act accordingly.

“**New Bondholder Accession Deed**” means a deed substantially in the form set out in Schedule 2 (*Form of New Bondholder Accession Deed*).

“**Obligor Accession Deed**” means a deed substantially in the form set out in Schedule 3 (*Form of Obligor Accession Deed*).

“**Obligors**” means the Original Obligors and any other person who expresses to create any security pursuant to a Security Document and who has delivered to the Security Trustee a duly executed Obligor Accession Deed and become a party to this Deed.

“**Obligations**” means all liabilities and obligations of the Obligors now or hereafter arising under the Transaction Documents, whether for principal, interest, fees, expenses, indemnities or otherwise, and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance).

“**Outstanding Amounts**” at any time in relation to a Beneficiary means all amounts which are owing by each Obligor, actually or contingently, at such time to such Beneficiary (but, for the avoidance of doubt, to not double contain any amount due to the Security Trustee in its capacity as agent thereunder until it is obliged to pass on to another Beneficiary) under the Transaction Documents, whether or not due.

“**Proceeds**” means all receipts or recoveries by the Security Trustee pursuant to, or upon enforcement of, any of the Rights and all other monies which are by the terms of any of the Security Documents to be applied in accordance with Clause 4 (*Payment Mechanics*), after deducting (to the extent not already deducted or retained prior to such receipt or recovery by the Security Trustee):

- (a) all sums which are by law or contract payable to any Receiver;
- (b) all sums which the Security Trustee is required by the terms of any of the Security Documents to pay to any other person before distributing any such receipts or recoveries to any of the Beneficiaries and/or discharging any of the obligations secured thereby;
- (c) all sums which the Security Trustee is by law required to pay to any person in priority to the Beneficiaries; and
- (d) (in the case of any proceeds of insurance), all sums which the Security Trustee has stipulated are to be applied in repairing, replacing, restoring or rebuilding any property the subject of any of the Security which has been damaged or destroyed.

“**Receiver**” means a receiver and/or manager, trustee or similar officer appointed by the Security Trustee pursuant to any of the Security Documents or by any court for the purpose of realising, getting in or disposing of any of the assets or revenues the subject of any of the Security.

“**Rights**” means the Security, all Contractual Rights, all rights vested by law in the Security Trustee by virtue of its holding the Security and all rights to make demands, bring proceedings or take any other action in respect thereof.

“**Security**” means the security interests from time to time constituted by or pursuant to, or evidenced by, the Security Documents.

“**Taxes**” means any tax, levy, impost, duty or other 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).

“**Trust Property**” means the Rights and the Proceeds.

1.2 **Construction**

- (a) Except to the extent that the context requires otherwise, any reference to:
- (i) the singular includes the plural and vice versa;
 - (ii) the “Security Trustee”, a “Beneficiary” and a “Bondholder” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (iii) “assets” includes present and future properties, revenues and rights of every description;
 - (iv) 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;
 - (v) a provision of law is a reference to that provision as amended or re-enacted;
 - (vi) a Clause or a Schedule is a reference to a clause of or schedule to this Deed;
 - (vii) the word “including” shall be construed as “including, without limitation”;
 - (viii) this “Deed” shall be construed as a reference to this Deed as amended, novated or supplemented from time to time and shall include any document which is supplemental to or is expressed to be collateral with or is entered into pursuant to or in accordance with the terms of this Deed;
 - (ix) a “person” include any company, partnership, joint venture, firm, association, trust and any governmental or regulatory authority;

- (x) a “Party” and the “Parties” shall also be deemed to include references to their respective successors, transferees and assigns; and
 - (xi) the “Transaction Documents” or to the “Security Documents”, and any documents referred to thereunder, shall be deemed to include any agreements or instruments amending, varying, supplementing, novating or replacing the terms thereof respectively from time to time.
- (b) Clause and Schedule headings are for ease of reference only.
 - (c) The words "other", "or otherwise" and "whatsoever" shall not be construed eiusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to.
 - (d) Unless a contrary indication appears, a time of day is a reference to Hong Kong time.
 - (e) References herein to the winding-up, administration or dissolution of a company shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or any jurisdiction in which such company carries on business.

1.3 **Effect as a Deed**

This Deed is intended to take effect as a deed notwithstanding that any party may have executed it under hand only.

2. **APPOINTMENT OF THE SECURITY TRUSTEE**

2.1 Each Bondholder:

- (a) appoints the Security Trustee to act as its agent and trustee in connection with the Security Documents;
- (b) irrevocably authorises the Security Trustee (by itself or by such persons as it may nominate) on its behalf to:
 - (i) exercise the rights, powers, authorities and discretions specifically given to the Security Trustee under or in connection with the Security Documents together with any other incidental rights, powers, authorities and discretions or any other incidental rights, powers, authorities and discretions necessary to give effect to the trusts hereby created; and
 - (ii) enforce any Security granted by the Security Documents as trustee (or as otherwise provided) on its behalf, subject always to the terms of the Transaction Documents.

2.2 The Security Trustee shall have the powers conferred upon trustees by the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) (the “**Trustee Ordinance**”) as

applicable to the execution and performance of its duties, obligations and responsibilities provided under this Deed and as modified by this Deed. If there is any inconsistency between the Trustee Ordinance and the terms of any Transaction Documents, the terms of such Transaction Document shall, to the extent permitted by law, prevail. Notwithstanding any provision in any other Security Document (other than this Deed), all powers, rights, protections, exclusions of liability and indemnities in favour of the Security Trustee contained in this Deed shall be deemed to apply to the Security Trustee in its capacity as security trustee under each of such other Security Documents. Any statutory duty of care provided for in the Trustee Ordinance shall not apply to any function, right, power or discretion of the Security Trustee, provided that if the Security Trustee fails to show the degree of care and diligence required of it as trustee, having regard to the provisions of this Deed conferring on it any powers, authorities or discretions, nothing in this Deed shall relieve or indemnify it from or against any liability which would otherwise attach to it in respect of a breach of trust resulting from any gross negligence, wilful misconduct or fraud of which it may be guilty.

2.3 The powers conferred upon the Security Trustee by the Security Documents shall be in addition to any powers which may from time to time be vested in trustees by the general law.

2.4 If there is any conflict between the provisions of this Deed and any Transaction Documents with regard to instructions to or the matters affecting the Security Trustee, this Deed shall prevail.

3. TRUST

3.1 The Security Trustee shall hold the Trust Property in its capacity as trustee on trust for the Beneficiaries.

3.2 Save as set out in Clause 3.1, the Security Trustee's duties hereunder are of a mechanical and administrative nature. Nothing herein shall constitute a partnership between any party and the Security Trustee.

3.3 The perpetuity period for the security trust established in relation to the Transaction Documents shall be eighty years from the date hereof.

3.4 Save as expressly specified in any Security Documents, the Security Trustee:

(a) shall not be liable to any person for any breach by any other person of any Security Documents;

(b) shall have only those duties which are expressly specified in the Security Documents; and

(c) shall exercise its rights, powers and duties under any Security Document for the benefit of the Beneficiaries.

3.5 The Parties acknowledge and agree that the Security to be held by, or to the order of, the Security Trustee upon the trusts contained in this Deed shall comprise the benefit of the Security under each of the Security Documents and/or all notices of assignment

or charge given pursuant to any of the Security Documents and all acknowledgements given in respect of such notices.

- 3.6 Subject to the provisions of this Deed, the Security Trustee may from time to time accept as security for the Obligations the benefit of any additional Security as may from time to time be granted to it as security for the Obligations.

4. PAYMENT MECHANICS

- 4.1 All Proceeds received or recovered by the Security Trustee shall be applied to the extent permitted by the applicable law in the following order of priority:

- (a) **first**, in or towards payment of amounts payable (including fees, costs and expenses in connection with the realisation or enforcement of the Security, and including interest thereon provided for under the Security Documents) to the Security Trustee and/or any Receiver or delegate under any of the Security Documents or this Deed;
- (b) **secondly**, in payment to the Beneficiaries *pari passu* and *rateably* for application in or towards discharge of the Obligations; and
- (c) **thirdly**, in payment of any surplus to the relevant Obligor or other persons entitled to it,

and pending such application, once received by the Security Trustee, such amounts shall be held on trust by the Security Trustee for the persons entitled to them pursuant to the terms of this Deed.

- 4.2 Clawback

- (a) Where a sum is to be paid to the Security Trustee under the Security Documents for another party, the Security Trustee is not obliged to pay that sum to that other party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Security Trustee pays an amount to another party and it proves to be the case that the Security Trustee had not actually received that amount, then the party to whom that amount (or the proceeds of any related exchange contract) was paid by the Security Trustee shall on demand refund the same to the Security Trustee together with interest on that amount from the date of payment to the date of receipt by the Security Trustee, calculated by the Security Trustee to reflect its cost of funds.

- 4.3 The Security Trustee shall be entitled to make any currency conversions it may think fit for the purpose of making any of the payments referred to in Clause 4.1. If any payment to be made by the Security Trustee has to be converted from the currency (the “**first currency**”) in which the same is received by the Security Trustee into another currency (the “**second currency**”), the Obligor shall jointly and severally indemnify and hold harmless to the fullest extent permitted by applicable Law the Security Trustee from and against any loss it suffers or incurs as a result of any

discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Security Trustee may in the ordinary course of business purchase the first currency with the second currency.

- 4.4 If the Security Trustee receives any distribution otherwise than in cash in respect of any of the Liabilities, the Security Trustee may realise such distributions as it sees fit and shall apply the proceeds of such realisation in accordance with Clause 4.1.
- 4.5 The fact that the Security Trustee may make a payment pursuant to either of Sub-Clauses 4.1(a) and (b), or may determine that the Obligors are under no further actual or contingent liability under the Security Documents and make a payment under Clause 4.1(c), will not thereafter prevent the Security Trustee from applying any further proceeds as referred to in Clause 4.1 in the order set out in Sub-Clauses 4.1(a) and (b).
- 4.6 Each of the Obligors agrees that the Obligations shall only be discharged (whether in part or in whole) by virtue of receipt or recovery by the Security Trustee of proceeds, as referred to in Clause 4.1, in cleared funds.
- 4.7 If any of the Obligors receives any sum from any person which, pursuant to the Security Documents, should have been paid to the Security Trustee, such sum shall be held on trust for the Secured Parties and shall forthwith be paid over to the Security Trustee for application in accordance with the provisions of this Clause 4.

5. NATURE OF PARTIES' RIGHTS AND OBLIGATIONS

- 5.1 The Obligors are each a Party to this Deed solely for the purpose of acknowledging the rights and obligations recorded in this Deed and agreeing to the provisions of Clause 4 (*Payment Mechanics*) and Clause 8 (*Remuneration and Indemnity*). The Obligors have no rights under this Deed except as provided for in Clause 21 (*Release of Security and Winding Up of Trust*) and no undertaking is given (or deemed to be given) to, or for the benefit of, the Obligors.
- 5.2 Unless otherwise agreed in writing by all of the Beneficiaries:
 - (a) the obligations of the Beneficiaries under this Deed are several;
 - (b) failure by a Beneficiary to perform its obligations under this Deed, or the invalidity of the obligations of such Beneficiary, does not affect the obligations of any other Party under this Deed;
 - (c) no Beneficiary is responsible for the obligations of any other Beneficiary under this Deed;
 - (d) the rights of a Beneficiary under this Deed are separate and independent rights; and
 - (e) a Beneficiary may not, except as otherwise stated in this Deed, separately enforce its rights under this Deed.

6. RETIREMENT OF SECURITY TRUSTEE

- 6.1 The Security Trustee may retire by giving notice to the Bondholders and the Obligors, in which case all Bondholders shall appoint a successor Security Trustee in accordance with Clauses 6.2 to 6.6.
- 6.2 If the Bondholders have not appointed a successor Security Trustee in accordance with Clause 6.1 within 30 days after notice of retirement was given, the Security Trustee may, but is not obliged to, appoint a successor Security Trustee.
- 6.3 The retirement of the retiring Security Trustee shall become effective on the expiry of the notice period set out in the notice referred to in Clause 6.1 whereupon the retiring Security Trustee shall be discharged from any further obligation in respect of the Security Documents but shall remain entitled to the benefit of this Deed.
- 6.4 The appointment of any successor Security Trustee shall become effective upon:
- (a) the successor Security Trustee executing and delivering to the Bondholders a duly completed deed(s) or instrument of appointment, in such form as the Bondholders may require (acting reasonably), and taking all such other steps as may be necessary to ensure that the successor Security Trustee accedes, and becomes a party, to the relevant Security Documents, as Security Trustee in place of the retiring Security Trustee; and
 - (b) the Bondholders (acting reasonably) confirming they have received acceptable advice to the effect that all Security Documents provide for enforceable Security in favour of the successor Security Trustee and the Bondholders,

Its successor and each of the other parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original party.

- 6.5 The parties to this Deed shall take such action as the retiring Security Trustee and the Bondholders may consider necessary in order that the Security Documents shall provide for perfected and enforceable Security in favour of any successor Security Trustee and the Bondholders.
- 6.6 The retiring Security Trustee shall, at the cost of the Obligors, make available to the successor Security Trustee such documents and records and provide such assistance as the successor may reasonably request for the purposes of performing its functions as Security Trustee under the Transaction Documents.
- 6.7 All Bondholders may, by notice to the Security Trustee, require it to (and in this event the Security Trustee shall) retire.

7. ADDITIONAL TRUSTEES

- 7.1 The Security Trustee may, upon giving prior notice to the Bondholders and the Obligors, appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Security Trustee if (i) the Security Trustee considers such appointment to be

in the interests of the Beneficiaries and (ii) the person so appointed is a bank, financial institution, trust, fund or other entity which is authorised to act as a security trustee in the ordinary course of business. Each of the Bondholders irrevocably appoints the Security Trustee to be its agent to execute any such instrument of appointment in its name and on its behalf.

- 7.2 Any such additional security trustee shall have such trusts, powers, obligations, authorities and discretions (not exceeding those conferred on the Security Trustee by the Security Documents) and remuneration as shall be conferred or imposed by the instrument of appointment. The Security Trustee shall have power in like manner to remove any such person. Each Obligor shall indemnify such additional security trustee as though it were the Security Trustee in accordance with Clause 8 (*Remuneration and Indemnity*). The Security Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate.

8. REMUNERATION AND INDEMNITY

- 8.1 For the benefit of the Security Trustee, nothing in this Deed shall prejudice any right of indemnity by law given to trustees.

- 8.2 Each Obligor agrees and undertakes to indemnify and hold the Security Trustee, its partners, directors, employees, servants and any receiver, attorney, agent or other person appointed by the Security Trustee in accordance with this Deed harmless from and against, and indemnify each of them (to the fullest extent permitted by applicable law) for any and all actions, claims, demands, liabilities, costs, fees, charges, losses, damages and expenses which may be incurred by or asserted against the Security Trustee or any such person of whatever nature in any way relating to or arising out of, whether directly or indirectly:

- (a) its execution or purported execution of any of its trusts, powers, authorities and discretions under the Security Documents;
- (b) performing its duties and functions in such capacity;
- (c) any action taken or omitted by the Security Trustee or any such person under the Transaction Documents;
- (d) the perfection of the Security and the exercise, preservation and/or enforcement or attempted enforcement of the Security under the Security Documents;
- (e) any action taken or omitted by the Security Trustee or any such person under any Transaction Documents;
- (f) the granting or proposed granting of any waiver, consent or release hereunder or under any of the Security Documents;
- (g) any amendment or proposed amendment hereto or to any of the Security Documents; or

(h) the preservation of and/or any enforcement with respect to any of the Trust Property,

except to the extent arising directly from the Security Trustee's or any such person's gross negligence, fraud or wilful misconduct.

- 8.3 The Security Trustee may indemnify itself and each other person referred to in Clause 8.2 out of the Trust Property against all such claims, liabilities, costs, fees, charges, losses and expenses referred to in Clause 8.2.
- 8.4 The Security Trustee shall be entitled to such remuneration as it may agree from time to time with the Bondholders.
- 8.5 Without prejudice to Clause 8.2, each Bondholder shall (in proportion to the aggregate amount owed to such Bondholder under the Transaction Documents to the outstanding aggregate amount owed to all the Bondholders under the Transaction Documents) indemnify the Security Trustee, within three Business Days of demand, against any cost, loss or liability incurred by the Security Trustee (otherwise than by reason of the Security Trustee's gross negligence, wilful misconduct or fraud) in acting as Security Trustee under or in connection with the Transaction Documents (unless the Security Trustee has been reimbursed for the same by the Obligors). The Obligors shall forthwith on demand reimburse the Bondholders for any payments made by it under this Clause 8.5.
- 8.6 The Obligors shall pay all stamp, registration and other taxes to which this Deed and/or any of the Security Documents or any judgment given in connection therewith is or at any time may be subject and shall indemnify on demand the Security Trustee and keep it and/or him indemnified from and against all and any action, charge, claim, cost, damage, demand, expense (including legal fees), liability, loss or proceeding which may be brought, made or preferred against or suffered, sustained or incurred by the Security Trustee resulting from any failure to pay or any delay in paying any such tax. If the Obligors are required by any law to make any deduction or withholding (on account of tax or otherwise) from any payment to the Security Trustee, the Obligors shall, together with such payment, pay such additional amount as will ensure that the Security Trustee receives (free and clear of any tax or other deductions or withholdings) the full amount which it would have received if no such deduction or withholding had been required.
- 8.7 Unless otherwise specifically stated in any instrument terminating this Deed, the provisions of this Clause 8 shall continue in full force and effect notwithstanding such termination to the extent that any obligations contained in this Clause 8 have not been fully performed and discharged on or before such termination.

9. DEDUCTION

If any party owes an amount to the Security Trustee under the Security Documents, the Security Trustee may, after giving notice to that party, deduct an amount not exceeding that amount from any payment to that party which the Security Trustee would otherwise be obliged to make under the Security Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Security Documents that party shall be regarded as having received any amount so deducted.

10. EXCLUSION OF LIABILITY AND POWERS

- 10.1 Without limiting Clause 10.2, the Security Trustee will not be liable for any action taken by it under or in connection with any Security Document, unless directly caused by its gross negligence, wilful misconduct or fraud.
- 10.2 No party (other than the Security Trustee) may take any proceedings against any director, officer, employee or agent of the Security Trustee in respect of any claim it might have against the Security Trustee or in respect of any act or omission of any kind by that director, officer, employee or agent in relation to any Security Document and any director, officer, employee or agent of the Security Trustee may rely on this Clause.
- 10.3 For the avoidance of doubt, neither the Security Trustee nor any of its directors, officers, employee or agents shall, in the absence of gross negligence, wilful misconduct or fraud, be under any liability for any loss, expenses or consequence on account of anything done or suffered by them in good faith in the proper performance of this Deed or as the result of instructions given or purported to be given by the Majority Bondholders.
- 10.4 The Bondholders hereby undertake to ratify and confirm whatever the Security Trustee may do or purport to do in accordance with the instructions of the Majority Bondholders and in the proper performance or exercise of its powers hereby declared and covenants at all times hereafter well and sufficiently to indemnify and keep indemnified the Security Trustee from and against all actions proceedings claims demands costs expenses whatsoever made against or incurred by it arising out of or in connection with the said powers save where such actions, proceedings claims demands costs and expenses result from or arise out of the gross negligence, fraud or wilful misconduct of the Security Trustee.
- 10.5 The Security Trustee shall not be required by the Bondholders to take any legal action unless fully indemnified, secured and/or pre-funded to its satisfaction for all costs and liabilities that may be incurred or suffered by the Security Trustee and which are not attributable to its gross negligence, fraud or wilful misconduct in the performance or non-performance of its obligations or functions hereunder and if the Bondholders require the Security Trustee to take any action which in the opinion of the Security Trustee might make the Security Trustee liable in any way otherwise than due to its gross negligence, fraud or wilful misconduct in the performance or non-performance of its obligations or functions hereunder the Security Trustee shall be and be kept

indemnified in any reasonable amount and form satisfactory to the Security Trustee as a prerequisite to taking action.

- 10.6 The Security Trustee by itself, its agents, sub-custodians or delegates shall be entitled to comply with any order from a court of competent jurisdiction, any laws and/or regulations relevant to and applicable to this Deed and any directive from a regulatory body pursuant to such laws and/or regulations and notwithstanding anything else herein contained, the Security Trustee may refrain from doing anything which would or might in its opinion be contrary to any relevant law of any jurisdiction or any relevant directive or regulation of any agency of any state or which would or might otherwise render it liable to any person.
- 10.7 The Security Trustee shall not be liable for any failure or delay in performing its duties and obligations hereunder as a result (directly or indirectly) of causes beyond its control including any malfunction, interruption of or error in the transmission of information caused by any machines or system or interception of communication facilities, abnormal operating conditions or acts of God.
- 10.8 Nothing contained in this Deed shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security or pre-funding for, such risk or liability is not assured to it.
- 10.9 The Security Trustee shall not be required to ascertain or inquire as to the performance or observance by the Obligor of the terms of any of the Transaction Documents. The Security Trustee shall not be deemed to have knowledge of the occurrence of any matter other than matters advised to it in writing by the Bondholders.
- 10.10 Notwithstanding any provision of any Security Document to the contrary, the Security Trustee shall in no event be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable even if the Security Trustee is actually aware or has been advised of the likelihood of such loss or damage and regardless of whether the claim of such loss or damage is made in negligence, for breach of contract, breach of fiduciary obligation or otherwise. This provision shall survive the termination or expiry of this Deed or the resignation or removal of the Security Trustee.
- 10.11 The Security Trustee may:
 - (a) engage and pay (at the cost of the Obligor) for the advice or services of any lawyers, accountants, surveyors or other experts whose advice or services may to it seem necessary, expedient or desirable and rely upon any advice so obtained;
 - (b) call for a certificate from an Obligor and rely, as to any matters of fact which would reasonably be expected to be within the knowledge of an Obligor upon a certificate signed by or on behalf of such Obligor, and the Security Trustee shall not be liable for acting or refraining from acting in reliance on any such certificate;

- (c) rely upon any communication in writing or document (including the register of Bondholders) provided by the Bondholders and/or Obligors which is believed by it to be genuine;
- (d) refrain from exercising any power vested in it hereunder unless and until instructed by Bondholders (as required by this Deed) as to whether or not such power is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised; and
- (e) perform all of its obligations under the Security Documents, notwithstanding anything contained in this Deed.

10.12 The Security Trustee may, but is not obliged to:

- (a) demand and collect or arrange for the collection of and receive all amounts which shall from time to time become due and payable in respect of the Security;
- (b) compound, give receipts and discharges for, settle and compromise any and all sums and claims for money due and to become due in respect of the Security;
- (c) exercise any power which but for the creation of the Security would have been exercisable by the relevant Obligor in respect of the Security;
- (d) file any claim, to take any action, and to institute and prosecute or defend any legal, arbitration or other proceedings;
- (e) lodge claims and prove in and to institute, any insolvency or bankruptcy proceedings of whatsoever nature relating to any Obligor;
- (f) execute, deliver, file and record any statement or other paper to create, preserve, perfect or validate the creation of the Security to enable the Security Trustee to exercise and enforce its rights under this Deed; and
- (g) apply for, obtain, make and renew any approvals, permissions, authorisations and other consents and all registrations and filings which may be desirable or required to create or perfect the Security or to ensure the validity, enforceability or admissibility in evidence of this Deed in any jurisdiction.

10.13 The Security Trustee may employ or appoint any person as attorney, contractor, professional advisor, agent, delegate or otherwise (if any), and delegate to any such person its powers, duties and obligations, as may be necessary for it to carry out any of its obligations under this Deed. The Security Trustee will not be liable for any acts or omissions of any person it employs or appoints under this paragraph, subject to the Security Trustee having acted with reasonable care in selecting that person.

11. INSTRUCTIONS

- 11.1 Unless a contrary indication appears in the Security Documents, the Security Trustee shall (A) exercise any right, power, authority or discretion vested in it as Security Trustee in accordance with any instructions given to it by the Majority Bondholders (or, if so instructed by the Majority Bondholders, refrain from exercising any right, power, authority or discretion vested in it as Security Trustee) and (B) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Bondholders. This Clause 11.1 shall not require the Security Trustee to act in accordance with the instructions of the Majority Bondholders or any person in respect of those powers, authorities and discretions granted to the Security Trustee pursuant to Clauses 7 (*Additional Trustees*), 8 (*Remuneration and Indemnity*) and 17 (*Legal Restrictions and Confidentiality*).
- 11.2 The Security Trustee may refrain from acting in accordance with the instructions of the Majority Bondholders until it has received such indemnity, security and/or pre-funding as it may require for any cost, loss or liability (together with any associated Taxes) which it may incur in complying with the instructions.
- 11.3 The Security Trustee is not authorised to act on behalf of a Bondholder (without first obtaining that Bondholder's consent) in any legal or arbitration proceedings relating to any Security Document.

12. RIGHTS AND DISCRETIONS OF THE SECURITY TRUSTEE

- 12.1 The Security Trustee may rely on:
- (a) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (b) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- 12.2 The Security Trustee may assume (unless it has received written notice to the contrary in its capacity as Security Trustee) that:
- (a) no Event of Default has occurred (unless it has been notified in writing of such Event of Default); and
 - (b) any right, power, authority or discretion vested in any party or all Bondholders has not been exercised.

13. DOCUMENTATION AND INFORMATION

- 13.1 The Security Trustee shall not be liable or responsible:
- (a) for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Security Trustee, an Obligor or any other person given in or in connection with any Transaction Document;

- (b) for providing any party with any credit or other information relating to the business, assets or financial condition of any Obligor or any other person whenever coming into its possession;
- (c) for requesting any certificates or other documents from any Obligor or any other person;
- (d) for checking the adequacy, accuracy or completeness of any document it forwards to another party;
- (e) for the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Transaction Document;
- (f) for any failure to give notice to any third party or to register, file or record (or any defect in such registration, filing or recording) any Security created pursuant to the Security Documents, or effect, procure the registration of or otherwise protect any other such Security created by or pursuant to the Security Documents under any registration laws in the British Virgin Islands, Bermuda, Hong Kong or any other jurisdiction;
- (g) to obtain any licence, consent or other authority for the creation of any such Security; or
- (h) for any failure, omission or defect in perfecting or protecting the Security constituted by the Security Documents, either in the British Virgin Islands, Bermuda, Hong Kong or in any other jurisdiction.

14. TITLE

The Security Trustee may accept without enquiry such title as any Obligor may have to the property over which Security is intended to be created by the Security Documents.

15. INVESTMENTS

All moneys which are received by the Security Trustee in its capacity as trustee or otherwise may be invested in the name of or under the control of the Security Trustee in any investment for the time being authorised by Hong Kong law for the investment by trustees of trust money or in any other investments which may be selected by the Security Trustee with the prior written consent of the Bondholders. Additionally, the same may be placed on deposit in the name of or under the control of the Security Trustee at such bank or institution and upon such terms (including whether or not such sums are to be placed in interest bearing accounts) as the Security Trustee may think fit.

16. TAX

The Security Trustee shall have no responsibility whatsoever to any Bondholders as regards any deficiency which might arise because the Security Trustee is subject to any tax or withholding from any payment made by it under any Transaction Documents.

17. LEGAL RESTRICTIONS AND CONFIDENTIALITY

- 17.1 Notwithstanding any other provision of any Transaction Document to the contrary, the Security Trustee is not obliged to do or omit to do anything if it would or might in its opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- 17.2 The relevant division through which the Security Trustee acts shall be treated as a separate entity from any other of the Security Trustee's divisions or departments.
- 17.3 If information is received by another division or department of the Security Trustee, it may be treated as confidential to that relevant division and the Security Trustee shall not be deemed to have notice of it.

18. CREDIT APPRAISAL BY THE BONDHOLDERS

- 18.1 Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Transaction Documents, each Bondholder confirms to the Security Trustee that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Transaction Document (and that it has not relied and will not hereafter rely on the Security Trustee in respect of such matters) including:
- (a) the financial condition, status and nature of each Obligor;
 - (b) the legality, validity, effectiveness, adequacy, suitability, enforceability or admissibility in evidence of any Transaction Document, any Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
 - (c) the ownership, value or sufficiency of any property the subject of any of the Security, the priority of any of the Security, the right or title of any person in or to any property comprised therein or the existence of any encumbrance affecting the same;
 - (d) whether that Bondholder has recourse, and the nature and extent of that recourse, against any party or any of its respective assets under or in connection with any Transaction Document, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and

- (e) the adequacy, accuracy and/or completeness of any information provided by the Security Trustee, any other party or by any other person under or in connection with any Transaction Document, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document.

19. BUSINESS WITH THE GROUP

The Security Trustee or any affiliate of the Security Trustee may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor, Bondholder and any of their respective Affiliates. The Security Trustee shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement without regard to the interests of the Bondholders and shall not be responsible for any liability occasioned to the Bondholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or other amount or benefit received thereby or in connection therewith.

20. ENFORCEMENT

Each of the parties to this Deed agrees that the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in this Deed (and no others shall be implied).

21. RELEASE OF SECURITY AND WINDING-UP OF TRUST

21.1 Release of Security

The Security Trustee may release any Security over any asset the subject of the Security granted under any Security Document if:

- (a) all Bondholders consent to such release; or
- (b) the asset is disposed of in compliance with the terms of the Transaction Documents; or
- (c) the asset is disposed of by any receiver or other person in accordance with the powers granted under the Security Documents,

provided that the proceeds of any disposal are applied in accordance with the requirements of the Transaction Documents (if any).

21.2 Winding-up of Trust

If all Bondholders confirm to the Security Trustee that:

- (a) all the Obligations and all other obligations secured by any of the Transaction Documents have been fully and finally discharged; and

- (b) none of the Beneficiaries is under any commitment, obligation or liability (whether actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Transaction Document,

the trusts set out in this Deed shall be wound up (but always without prejudice to the provisions of Clause 8 (*Remuneration and Indemnity*)). At that time the Security Trustee shall release without recourse or warranty, all of the Security then held by it and the rights of the Security Trustee under each of the Security Documents, at which time the Security Trustee, each of the Beneficiaries and the Obligors shall be released from its obligations under this Deed (save for those which arose prior to such winding-up).

22. BENEFIT OF DEED

- 22.1 This Deed shall be binding on and enure to the benefit of each party hereto and its successors in title.
- 22.2 No party hereto may assign all or any of its rights or transfer any of its obligations hereunder except as expressly contemplated by this Deed or as may be required by law.
- 22.3 Each Bondholder which is not an Original Bondholder must deliver to the Security Trustee a New Bondholder Accession Deed duly executed by such Bondholder. Any Bondholder which is proposing to transfer any of its Bonds in the manner permitted by the Bond Instrument to any party (a "**Transferee**") must deliver to the Security Trustee a New Bondholder Accession Deed duly executed by such Transferee. Similar transfer provisions shall apply to the Security Trustee acting in its role in relation to its successors in title *mutatis mutandis*.
- 22.4 If any Security is granted for the Obligations by any person who is not immediately before that time an Obligor, the existing Obligors will procure that such new Obligor will promptly become a party hereto as an Obligor by the completion and execution of an Obligor Accession Deed.
- 22.5 Each of the Parties (other than the Security Trustee) hereby appoints the Security Trustee to receive on its behalf all and any New Bondholder Accession Deed or Obligor Accession Deed delivered to the Security Trustee duly executed by or on behalf of a party wishing to accede to this Deed and to execute the same if, in the Security Trustee's opinion, it is complete and appears on its face to be authentic and duly executed. No New Bondholder Accession Deed or Obligor Accession Deed shall be effective unless and until executed by the Security Trustee.

23. MISCELLANEOUS

- 23.1 If at any time any provision of this Deed is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Deed shall not be affected or impaired thereby.
- 23.2 The Bondholders shall furnish to the Security Trustee such information as the Security Trustee may specify as being necessary or desirable for the purpose of enabling the Security Trustee to perform its functions as trustee.

- 23.3 Each of the Obligors hereby waives, to the extent permitted under applicable law, all rights it may otherwise have to require that the Security be enforced in any particular order or manner or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Security or any other Encumbrance of any nature over any assets or revenues, which is capable of being applied in or towards discharge of any of the Obligations or any other obligations the discharge of which is secured by any of the Security Documents, is so applied, whether on receipt or recovery or at any time thereafter.
- 23.4 This Deed may be executed in any number of counterparts each of which when executed and delivered, shall constitute an original but all the counterparts together shall constitute the same instrument.

24. NOTICES

- 24.1 Any notice or other communication to be given under or in connection with this Deed (“**Notice**”) shall be in the English language in writing and signed by or on behalf of the Party giving it and marked for the attention of other Party. A Notice may be delivered personally or sent by fax, pre-paid recorded delivery or international courier to the address or fax number provided in Clause 24.3.
- 24.2 A Notice shall be deemed to have been received:
- (a) at the time of delivery if delivered personally;
 - (b) at the time of transmission if sent by fax;
 - (c) two Business Days after the time and date of posting if sent by pre-paid post within the same country;
 - (d) four Business Days after the time and date of posting if sent by pre-paid airmail between different countries; or
 - (e) three Business Days after the time and date of posting if sent by international courier,

provided that if deemed receipt of any Notice occurs after 6.00 p.m. or is not on a Business Day, deemed receipt of the Notice shall be 9.00 a.m. on the next Business Day. References to time in this Clause 24 are to local time in the country of the addressee.

- 24.3 The addresses and fax numbers for service of Notices are:

Security Trustee

Cheer Hope Holdings Limited (展望控股有限公司)

Address: 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong

Facsimile: +852 2140 6088

Attention: Rosche Yam / Carol Fan / Jason Xu

Original Bondholders

Taiping Trustees Limited (太平信託有限公司)

Address: 11/F, China Taiping Tower Phase I, 8 Sunning Road, Causeway Bay, Hong Kong

Facsimile: +852 2881 0660

Attention: Operation Department **Zhongtai Financial Investment Limited (中泰金融投资有限公司)**

Address: 7/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

Facsimile: +852 3979 2800

Attention: 王守磊 (Tony Wang)

Cheer Hope Holdings Limited (展望控股有限公司)

Address: 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong

Facsimile: +852 2140 6088

Attention: Rosche Yam / Carol Fan / Jason Xu

Haitong International Financial Products Limited (海通國際金融產品有限公司)

Address: 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

Facsimile: +852 3926 8980

Attention: Fixed Income, Currency and Commodities

Original Obligors

China Smarter Energy Group Holdings Limited

Address: Rooms 2004-2005, 20/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong

Facsimile: (852) 2344 9392

Attention: Board of Directors

Max Access Limited

Address: Rooms 2004-2005, 20/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong

Facsimile: (852) 2344 9392

Attention: Board of Directors

Rising Group International Limited

Address: Rooms 2004-2005, 20/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong

Facsimile: (852) 2344 9392

Attention: Board of Directors

Surplus Basic Limited

Address: Rooms 2004-2005, 20/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong

Facsimile: (852) 2344 9392

Attention: Board of Directors

- 24.4 A Party shall notify the other Parties of any change to its address in accordance with the provisions of this Clause 24 provided that such notification shall only be effective on the later of the date specified in the notification and 5 (five) Business Days after deemed receipt.

25. VARIATION OF TERMS

- 25.1 No variation of this Deed shall be considered valid and as constituting part of the Deed, unless such variation shall have been made in writing and signed on behalf of each Party by an authorised signatory or signatories of each Party.
- 25.2 The expression "**variation**" shall include any variation, extension, substitution, supplement, deletion or replacement however effected.

26. SEVERABILITY

If a term of this 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 term of this Deed; or

- (b) the legality, validity or enforceability in any other jurisdictions of that or any other term of this Deed.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

28. PRIVILEGES

Nothing in this Deed will be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of any Beneficiary accorded under their respective constitutional documents or charters, international convention, any memorandum of understanding or any applicable law.

29. GOVERNING LAW

This Deed is governed by and shall be construed in accordance with Hong Kong law.

30. ENFORCEMENT

30.1 Jurisdiction

- (a) The Hong Kong courts have non-exclusive jurisdiction to settle any dispute arising out of or in connection with any Security Document.
- (b) The Hong Kong courts are the most appropriate and convenient courts to settle any such dispute in connection with any Security Document. Each of the Obligors agrees not to argue to the contrary and waives objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with any Security Document.
- (c) This Clause is for the benefit of the Security Trustee and the other Beneficiaries only. To the extent allowed by law, the Security Trustee and the other Beneficiaries may take (i) proceedings in any other court and (ii) concurrent proceedings in any number of jurisdictions.
- (d) References in this Clause to a dispute in connection with a Security Document includes any dispute as to the existence, validity or termination of that Security Document.

30.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each of the Original Obligors and Original Bondholders listed in Schedule 4 (*Details of Process Agents*) hereby irrevocably appoints such party set out against it in Schedule 4 (*Details of Process Agents*) as its agent to accept service of legal process on its behalf in relation to any Security Document.

- (b) Each of the Original Obligors irrevocably agrees that if its process agent ceases to have an address in Hong Kong or ceases to act as its process agent, it shall appoint a new process agent acceptable to the Security Trustee and will deliver to the Security Trustee within 14 days a copy of written acceptance of appointment by the new process agent.
- (c) Each of the Bondholders irrevocably agrees that if its process agent ceases to have an address in Hong Kong or ceases to act as its process agent, it shall appoint a new process agent acceptable to the Original Obligors and will deliver to them within 14 days a copy of written acceptance of appointment by the new process agent.
- (d) Each of the Obligors and the Bondholders agrees that failure by a process agent to notify any or all of them of any process will not invalidate the relevant proceedings.
- (e) This Clause does not affect any other method of service allowed by law.

30.3 **Waiver of immunity**

Each of the Obligors irrevocably and unconditionally:

- (a) agrees not to claim any immunity from proceedings brought by the Security Trustee against it in relation to this Deed or a Security Document and to ensure that no such claim is made on its behalf;
- (b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- (c) waives all rights of immunity in respect of it or its assets.

IN WITNESS WHEREOF this Deed has been executed as a deed by or on behalf of the Parties and is intended to be and is hereby delivered as deed on the date specified above.

SCHEDULE 1

THE ORIGINAL BONDHOLDERS

Name	Address	Principal Amount of Bonds Held
Taiping Trustees Limited (太平信託有限公司)	11/F, China Taiping Tower Phase I, 8 Sunning Road, Causeway Bay, Hong Kong	HK\$[•]
Zhongtai Financial Investment Limited (中泰 金融投资有限公司)	7/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	HK\$[•]
Cheer Hope Holdings Limited (展望控股有限公司)	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	HK\$[•]
Haitong International Financial Products Limited (海通國際金融產品有限 公司)	22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	HK\$[•]

SCHEDULE 2

FORM OF NEW BONDHOLDER ACCESSION DEED

THIS DEED is made on [●]

BETWEEN:

- (1) [●] (the “**New Bondholder**”); and
- (2) [●] in its capacity as Security Trustee under the Security Trust Deed (as defined below).

RECITALS:

- (A) This Deed is supplemental to a security trust deed dated [●] and made between [●] (the “**Security Trust Deed**”).
- (B) This Deed has been entered into to record the accession of [*name of New Bondholder*] to the Security Trust Deed as a Bondholder.

NOW THIS DEED WITNESSES as follows:

1. **DEFINITIONS**

Words and expressions defined in the Security Trust Deed have the same meanings when used in this Deed.

2. **ACCESSION OF NEW SECURED PARTY**

- 2.1 The New Bondholder confirms that it has been provided with a copy of the Security Trust Deed.
- 2.2 The New Bondholder hereby agrees with each other person who is or who becomes a party to the Security Trust Deed in accordance with the terms thereof that with effect from the date hereof, it shall comply with and be bound by the terms of the Security Trust Deed as if it had originally been a Party as a Bondholder.
- 2.3 The New Bondholder confirms that with effect from [●] it has been registered in the Register (as defined in the Bond Instrument) as being the holder of, and is currently the holder of, HK\$[●] in principal amount of Bonds.
- 2.4 The New Bondholder confirms that its address for notices for the purposes of Clause 24 (*Notices*) of the Security Trust Deed is as follows:

Address : [●]
Fax No. : [●]
Attention : [●]

2.5 The Security Trustee confirms the acceptance of the New Bondholder as a Secured Party for the purposes of the Security Trust Deed.

3. **COUNTERPARTS**

This Deed may be executed in counterparts and both of those counterparts taken together shall be deemed to constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

4. **GOVERNING LAW**

This Deed (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed) shall be governed by and construed in accordance with Hong Kong law.

IN WITNESS whereof this Deed has been duly executed and delivered as a Deed on the date first above written.

NEW BONDHOLDER

THE COMMON SEAL of)
[•])
was hereunto affixed)
In the presence of:)

Common Seal

Name:
Title:

SECURITY TRUSTEE

THE COMMON SEAL of)
[•])
was hereunto affixed)
In the presence of:)

Common Seal

Name:
Title:

Name:
Title:

SCHEDULE 3

FORM OF OBLIGOR ACCESSION DEED

THIS DEED is made on [●]

BETWEEN:

- (1) [●] (the “**New Obligor**”); and
- (2) [●] in its capacity as Security Trustee under the Security Trust Deed (as defined below).

RECITALS:

- (A) This Deed is supplemental to a security trust deed dated [●] and made between [●] (the “**Security Trust Deed**”).
- (B) This Deed has been entered into to record the accession of [*name of new Obligor*] to the Security Trust Deed as an Obligor.

NOW THIS DEED WITNESSES as follows:

1. **DEFINITIONS**

Words and expressions defined in the Security Trust Deed have the same meanings when used in this Deed.

2. **ACCESSION OF NEW OBLIGOR**

- 2.1 The New Obligor hereby agrees with each other person who is or who becomes a party to the Security Trust Deed in accordance with the terms thereof that with effect from the date hereof, it shall comply with and be bound by the terms of the Security Trust Deed as if it had originally been a Party as an Obligor.
- 2.2 The New Obligor confirms that its address for notices for the purposes of Clause 24 (*Notices*) of the Security Trust Deed is as follows:

Address : [●]

Fax No. : [●]

Attention : [●]

and that it has appointed the following person as its process agent for the purpose of service of process pursuant to Clause 30.2 (*Service of Process*) of the Security Trust Deed:

Name : [●]

Address : [●]

Attention : [●]

2.3 The Security Trustee confirms the acceptance of the New Obligor as an Obligor for the purposes of the Security Trust Deed.

3. **COUNTERPARTS**

This Deed may be executed in counterparts and both of those counterparts taken together shall be deemed to constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

4. **GOVERNING LAW**

This Deed (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed) shall be governed by and construed in accordance with Hong Kong law.

IN WITNESS whereof this Deed has been duly executed and delivered as a Deed on the date first above written.

NEW OBLIGOR

THE COMMON SEAL of)
[●])
was hereunto affixed)
In the presence of:)

Common Seal

Name:

Title:

SECURITY TRUSTEE

THE COMMON SEAL of)
[●])
was hereunto affixed)
In the presence of:)

Common Seal

Name:

Title:

Name:

Title:

SCHEDULE 4

DETAILS OF PROCESS AGENTS

Party	Process Agent	Address of Process Agent
1. Guarantor 1	The Issuer	Room 2004-2005, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
2. Guarantor 2	The Issuer	Room 2004-2005, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
3. Surplus Basic	The Issuer	Room 2004-2005, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong

Execution Page To Security Trust Deed

THE COMMON SEAL of)
CHEER HOPE HOLDINGS)
LIMITED (展望控股有限公司) was)
hereunto affixed)
in the presence of:

Common Seal

Name:
Title:

Execution Page To Security Trust Deed

THE COMMON SEAL of)
TAIPING TRUSTEES LIMITED)
(太平信託有限公司) was hereunto)
affixed)
in the presence of:

Common Seal

Name:

Title:

Execution Page To Security Trust Deed

THE COMMON SEAL of)
ZHONGTAI FINANCIAL)
INVESTMENT LIMITED (中泰金融)
投资有限公司) was hereunto affixed)
in the presence of:)

Common Seal

Name:
Title:

Execution Page to Security Trust Deed

THE COMMON SEAL of)
CHEER HOPE HOLDINGS)
LIMITED (展望控股有限公司))
was hereunto affixed)
in the presence of:)

Common Seal

Name:
Title:

Execution Page to Security Trust Deed

THE COMMON SEAL of)
HAITONG INTERNATIONAL)
FINANCIAL PRODUCTS LIMITED)
(海通國際金融產品有限公司))
was hereunto affixed)
in the presence of:)

Common Seal

Name:
Title:

Execution Page to Security Trust Deed

THE COMMON SEAL of)
CHINA SMARTER ENERGY)
GROUP HOLDINGS LIMITED was)
hereunto affixed)
in the presence of:)

Common Seal

Name:
Title:

Execution Page to Security Trust Deed

THE COMMON SEAL of)
MAX ACCESS LIMITED was)
hereunto affixed)
in the presence of:)

Common Seal

Name:
Title:

Execution Page to Security Trust Deed

THE COMMON SEAL of)
RISING GROUP INTERNATIONAL)
LIMITED was hereunto affixed)
in the presence of:)

Common Seal

Name:

Title:

Execution Page to Security Trust Deed

THE COMMON SEAL of)
SURPLUS BASIC LIMITED)
was hereunto affixed)
in the presence of:)

Common Seal

Name:
Title:

SCHEDULE 5

FORM OF SHARE CHARGES

Dated _____ **2015**

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(as Chargor)

in favour of

CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)
(as Security Trustee)

SHARE CHARGE

REED SMITH RICHARDS BUTLER

20th Floor

Alexandra House

18 Chater Road, Central

Hong Kong

Ref: DHO/AOKN/370863.00007

ASIA_ACTIVE-803957646.9-AOKNG-370863-00007

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THIS DEED is made on

2015 between:

- (1) **China Smarter Energy Group Holdings Limited** a company incorporated in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at Room 2004-5, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (the "**Chargor**" / the "**Listco**") ; and
- (2) **Cheer Hope Holdings Limited (展望控股有限公司)**, a company incorporated in the British Virgin Islands and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands with principal place of business in Hong Kong situated at 12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong, acting on its own behalf and as security trustee for and on behalf of the other Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS:-

- (A) The Chargor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the Security Trust Deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司), Max Access Limited, Rising Group International Limited, Surplus Basic Limited and the Chargor (the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 *Defined Terms*

In this Deed, unless a contrary indication appears or the context otherwise requires, terms used shall have the meanings given to them in the Bond Instrument and in addition:

"**Beneficiaries**" has the meaning given to it in the Security Trust Deed.

"**Bond Instrument**" means the instrument dated [*] 2015 issued by the Listco constituting the Bonds as such instrument may be amended, supplemented and/or varied from time to time.

"**BVI**" means the British Virgin Islands.

"**BVI Act**" means the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands.

"**Charged Assets**" means, in respect of the Chargor, the Shares, the Dividends and the assets of the Chargor from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"**Charges**" means all or any of the Security created or expressed to be created by or pursuant to this Deed.

"**Company**" means Rising Group International Limited, a BVI Business Company incorporated under the laws of the British Virgin Islands with limited liability whose registered office is at Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

this "**Deed**" means this Share Charge.

"**Delegate**" means a delegate or sub-delegate appointed under Clause 9.2 (*Delegation*).

"**Dividends**" means all present and future:

- (a) dividends and distributions of any kind and any other sum received or receivable in respect of any Share or any other asset referred to in this definition;
- (b) rights, shares, money or other assets accruing or offered by way of redemption, bonus, option or otherwise in respect of any Share or any other asset referred to in this definition;
- (c) allotments, offers and rights accruing or offered in respect of any Share or any other asset referred to in this definition; and
- (d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, any Share or any other asset referred to in this definition.

"**Event of Default**" has the meaning ascribed to it under the Bond Instrument;

"**Insolvency Act**" means the Insolvency Act, 2003 (as amended) of the British Virgin Islands.

"**Instrument of Transfer**" means the instrument of transfer substantially in the form set out in Schedule 7 (*Instrument of Transfer*).

"**Obligors**" means the Listco, the Chargor and any other party to the Security Documents (other than the security trustee and the Bondholders), and each an "Obligor".

"**Party**" means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

"**Receiver**" means a receiver and/or manager or other receiver appointed in respect of any or all of the Charged Assets pursuant to this Deed.

"**Release Date**" means the date upon which the Charged Assets are to be released pursuant to Clause 15.1 (*Final redemption*).

"**Register of Charges**" means the register of charges of the Chargor maintained by the Chargor.

"**Registrar of Companies**" means the Registrar of Companies of Bermuda.

"**Register of Members**" means the register of members of the Company maintained by the Company in accordance with section 41 of the BVI Act.

"**Secured Obligations**" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Beneficiaries under or pursuant to the Transaction Documents and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any of the Bondholders or the Security Trustee or any Receiver may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"**Shares**" means:

- (a) all present and future shares (of each class) in and/or ownership interests of the Chargor from time to time in the Company (including without limitation those set out in Schedule 2 (*Particulars of Shares*));
- (b) all warrants, options or other rights to subscribe for, purchase or otherwise acquire any shares (of any class) of or ownership interests of the Chargor from time to time in the Company; and
- (c) all rights of the Chargor from time to time relating to any of those shares which are deposited with, or registered in the name of, any depository, custodian, nominee or other similar person (including rights against any such person).

1.2 **Construction**

In this Deed, unless the context otherwise requires, Clause 1 (Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 *Trust*

All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of itself as Security Trustee and each Bondholder from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 2.1 (*Charge*) or the release of all or any part of the Charges from this Deed. The trust constituted by this Clause shall come into existence on the date of this Deed and shall last for so long as any of the Secured Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any dispositions made or to be made pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

2. SECURITY

2.1 *Charge*

The Chargor, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all Secured Obligations:

2.1.1 charges in favour of the Security Trustee (as trustee for the Bondholders) by way of first fixed charge all its rights, title and interest present and future in and to the Shares and Dividends except to the extent that such rights are subject to a valid and effective assignment by way of fixed security with first ranking priority under Clause 2.1.2; and

2.1.2 assigns by way of fixed security with first ranking priority, and agrees to assign by way of first fixed security absolutely to the Security Trustee (as trustee for the Bondholders), all its rights (including those rights it may have against a nominee), present and future, relating to any of the Shares and/or Dividends, including without limitation:

- (a) its rights relating to or against any depository, nominee or similar person with whom any of the Shares and/or Dividends may be deposited to the extent of those Shares and/or Dividends;
- (b) rights it may have against any person to require delivery to it of any of the Shares and/or Dividends;
- (c) rights (contractually or otherwise) to give instructions relating to any of the Shares and/or Dividends; and
- (d) all claims for damages and rights to receive moneys due or to become due for any reason whatsoever in respect of any of the Shares and/or Dividends,

including those rights it may have against a nominee or a delegate.

2.2 *Share Certificates etc.*

In respect of each of the Shares and Dividends (that are in the form of shares and/or securities) held by, to the order of or on behalf of the Chargor on the date of this Deed, the Chargor shall forthwith upon execution of this Deed deliver to the Security Trustee (as trustee for the Bondholders) all certificate(s) (if any, or if none, promptly upon the same being issued) representing such Share or Dividend.

2.3 *Further security*

The Chargor shall, promptly upon the Security Trustee so requiring by notice to it, execute and deliver (or procure the execution and delivery of the same) to the Security Trustee such other Security (in such form as the Security Trustee shall require and, to the extent possible, on terms substantially similar to this Deed) in favour of the Security Trustee (as trustee for the Bondholders) as the Security Trustee may require from time to time in order to:-

- (a) ensure that it has an effective first ranking fixed charge over the Charged Assets; and
- (b) facilitate the enforcement of the Charges, the realisation of the Charged Assets or the exercise of any rights held by the Security Trustee or any Receiver under or in connection with the Charges.

2.4 *Retention of documents*

The Security Trustee shall be entitled to continue to hold any document delivered to it pursuant to Clause 3.3 (*Delivery of documents*) until the Release Date and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall immediately comply with that requirement or procure that it is complied with.

2A. COVENANT TO PAY

- 2A.1 The Chargor irrevocable and unconditionally guarantees and covenants to pay, as a primary obligor and not merely as a surety, for the benefit of the Security Trustee (as trustee for the Beneficiaries), by way of an independent payment obligation of the Secured Obligations when due.

3. RESTRICTIONS AND FURTHER ASSURANCE

3.1 *Security*

The Chargor shall not, prior to the Release Date, create or permit to subsist any Security over the Charged Assets unless such Security is created with the prior written consent of the Security Trustee (acting on the authorisation of a Special

Resolution).

3.2 ***Disposal***

The Chargor shall not (nor shall the Chargor agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary), prior to the Release Date, to sell, lease, withdraw, transfer or otherwise dispose of the Charged Assets.

3.3 ***Delivery of documents***

In addition to the requirements under Clause 2.2 (*Share certificates etc*):

3.3.1 the Chargor shall promptly deliver or procure that there shall be delivered to the Security Trustee the following documents (in a form and substance satisfactory to the Security Trustee acting reasonably) (i) in respect of the Charged Assets in existence on the date of this Deed upon execution of this Deed and (ii) in respect of any Charged Asset coming into existence or acquired by the Chargor after the date of this Deed upon such coming into existence or acquisition, all of which documents may be held by the Security Trustee until all of the Charges are released:

- (a) (in the case where such Charged Assets are Shares in the Company) valid and duly issued share certificates in respect of such Charged Assets or (in any other case) documents of title in respect of such Charged Assets;
- (b) a certified copy of the Register of Members of the Company;
- (c) duly executed Instrument of Transfer in respect of the Shares but with the date and name of the transferee left blank;
- (d) (in respect of any Share that is held by or registered in the name of any person other than the Chargor) (if applicable) an acknowledgment duly executed by such person in substantially the form as set out in Schedule 3 (*Form of Acknowledgment from Nominee*) in respect of such Charged Asset; and
- (e) all other documents necessary or conducive to enable the Security Trustee (as trustee for the Bondholders) to register such Charged Assets in its name or in the name of its nominees;

3.3.2 the Chargor shall promptly deliver or procure that there shall be delivered to the Security Trustee the following documents upon execution of this Deed:

- (a) an undated letter of resignation duly executed by each director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation of the Directors of the Company*);

- (b) a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 5 (*Form of Letter of Undertaking and Authorisation*);
- (c) undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company in substantially the form set out in Schedule 6 (*Form of Written Resolutions*);
- (d) an executed irrevocable proxy and power of attorney made in respect of the Shares in favour of the Security Trustee in respect of all general meetings and written resolutions of the Company respectively in the form set out in Schedule 8 (*Form of Irrevocable Proxy and Power of Attorney*);
- (e) undated letter from the administrator of the Company to the Company's registered agent regarding change in the administrator duly executed by the administrator of the Company in substantially the form set out in Schedule 9 (*Form of Letter from the Administrator to the Registered Agent*); and
- (f) letter of authority duly executed by the administrator of the Company in substantially the form set out in Schedule 10 (*Form of Letter of Authority From the Administrator*);

and shall deliver or procure that there shall be delivered to the Security Trustee an undated written resolution of the board of directors duly executed by all of the directors of the Company in respect of resolutions number 2 and 3 in Schedule 6 within 14 days from the date of this Deed. In addition, the Chargor shall upon the appointment of any director of the Company after the date of this Deed procure the delivery to the Security Trustee of (i) the documents referred to in paragraphs (a) and (b) in respect of such director and (ii) the document referred to in paragraph (c). All of the documents delivered under this Clause 3.3 may be held by the Security Trustee until the Release Date; and

- 3.3.3 upon any person holding any Charged Asset on behalf of the Chargor after the date of this Deed, the Chargor shall procure the delivery to the Security Trustee of an acknowledgment duly executed by such person in substantially the form set out in Schedule 3 (*Form of Acknowledgment from Nominee*) in respect of such Charged Asset, which acknowledgment may be held by the Security Trustee until all of the Charges are released,

provided that the powers under the document listed above in Clause 3.3.2(d) will not be exercised until the occurrence of an Event of Default which is continuing.

3.4 ***Perfection and registration***

The Chargor shall (and, if applicable, will procure that its nominees will):

- 3.4.1 promptly upon execution of this Charge procure that the following annotation be entered on the Register of Members of the Company and that a copy of such annotated Register of Members be filed with the Registrar of Corporate Affairs of the BVI:

"The 4,000 ordinary shares of US\$1.00 par value issued as fully paid up in the name of China Smarter Energy Group Holdings Limited are charged in favour of Cheer Hope Holdings Limited pursuant to a share charge dated [●] 2015, as amended from time to time. The date on which this annotation was entered in the Register of Members is [●] [registered agent to complete]."

- 3.4.2 as soon as reasonably practicable after execution of this Deed, effect registration, or assist the Security Trustee in effecting registration, of the charges created by this Deed with the Registrar of Companies pursuant to the Bermuda Companies Act, 1981, as amended by making the required filing, or assisting the Security Trustee in making the required filing, in the approved form with the Registrar of Companies and (if applicable) provide confirmation in writing to the Security Trustee that such filing has been made.
- 3.4.3 as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee, evidence of registration of the charge issued by the Registrar of Companies and the filed stamped copy of the Form 9 containing the relevant particulars of charge.

3.5 ***Further assurance***

- 3.5.1 The Chargor shall, at its own expense, take such action as the Security Trustee may require:
- (a) for the purpose of perfecting or protecting the Security Trustee 's rights under and preserving the Charges intended to be created or evidenced by this Deed or the priority of the Charges; and
 - (b) following the occurrence of an Event of Default which is continuing, for the purpose of facilitating the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee, any Receiver or any Delegate,

including (i) procuring the amendment of the articles of association of the Company (in form and substance satisfactory to the Security Trustee) to remove any discretion that the directors of the Company may have to refuse registration of share transfers when presented with an executed instrument of transfer and (ii) the execution of any transfer, conveyance, charge, mortgage, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), the making of any registration, the obtaining of any legal advice and the giving of any notice, order or direction.

3.5.2 Without prejudice to Clause 3.5.1, the Chargor shall (and, if applicable, shall procure that its nominees will) at the request of the Security Trustee, immediately upon any transfer of any or all of the Charged Assets to the Security Trustee or its nominee or any purchaser in accordance with this Deed upon or after an enforcement in accordance with Clause 7 (*Enforcement*) of any of the Charges, procure the registration of such transfer in the books of the Company and the entry of the Security Trustee (as trustee for the Bondholders), such nominee or such purchaser (as the case may be) in the Register of Members of the Company as the holder of such Charged Assets.

3.6 ***Directors Resolution***

After the Charges have become enforceable, the Chargor shall procure that any transfer to or (to the extent that it is within its power as a shareholder of the Company) by the Security Trustee or its nominee or purchaser of any of the Charged Assets is duly approved by the board of directors of the Company and registered in the Register of Members of the Company (if necessary, by replacing the board of directors of the Company with directors nominated by the Security Trustee).

4. **CHARGED SHARES**

4.1 ***Voting and other rights***

Subject to Clause 4.3 (*Voting and other rights if the Charges become Enforceable*), the Chargor shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Share as it sees fit provided that:

- 4.1.1 it does so for a purpose not inconsistent with any Transaction Document; and
- 4.1.2 the exercise or failure to exercise those rights would not prejudice the interests of any Bondholder under any Transaction Document or the ability of the Security Trustee to realise the Security created under this Deed.

4.2 ***Variation of Rights, Further Issuance***

- 4.2.1 The Chargor shall not, without the prior written consent of the Security Trustee, by the exercise of any voting rights or otherwise, permit or agree:
 - (a) to any increase or reduction in the authorised or issued number of shares of or ownership interest in the Company (save as permitted under Clause 4.2.2);
 - (b) any variation of the rights attaching to or conferred by all or any part of the Charged Assets; or
 - (c) any amendment or variation of the memorandum and articles of association of the Company; or

- (d) any disposal by the Company of any asset or assets to any person other than a subsidiary of the Listco and on completion of which will result in the aggregate book value of assets disposed by it since the date of this Deed exceeding US\$100,000,000.

4.2.2 Paragraph (a) of Clause 4.2.1 does not apply to the allotment or issuance of shares of the Company if all of such shares are fully paid-up and immediately subject to the Charges hereunder upon the allotment or issuance of the same.

4.3 ***Voting and other rights if the Charges become Enforceable***

At any time following the occurrence of an Event of Default and so long as the Event of Default is continuing:

- 4.3.1 the Security Trustee or any Receiver shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Charged Asset as it sees fit;
- 4.3.2 the Chargor shall comply or procure the compliance with any directions of the Security Trustee or the Receiver in respect of the exercise of those rights and shall promptly execute and/or deliver to the Security Trustee or such Receiver such forms of proxy as it may require in connection with that exercise;
- 4.3.3 the Security Trustee shall be entitled to transfer all or any part of the Charged Assets into the name of the Security Trustee or such nominee(s) of the Security Trustee as it shall require; and
- 4.3.4 the Security Trustee shall be entitled to exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Assets, including without limitation the right, in relation to the Company whose shares, ownership interests or other securities are charged pursuant to this Deed, to concur or participate in:
 - (i) the reconstruction, amalgamation, sale or other disposal of the Company or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, ownership interests or securities as a consequence thereof);
 - (ii) the release, modification or variation of any rights or liabilities attaching to such shares, ownership interests or securities; and
 - (iii) the exercise, renunciation or assignment of any right to subscribe for any shares, ownership interests or securities,

in each case in such manner and on such terms as the Security Trustee may think fit, and the proceeds of any such action shall form part of the Charged Assets.

4.4 ***Dividends***

4.4.1 Prior to and at any time following the occurrence of an Event of Default which is continuing, the Chargor shall hold any and all income in respect of any or all of the Charged Assets received or recovered by it on trust for the Security Trustee and pay the same immediately to the Security Trustee (as trustee for the Bondholders) or as it may direct. The Security Trustee (for and on behalf of the Lenders) shall be entitled to apply the same in such manner as it sees fit in discharge of the Secured Obligations.

4.4.2 Following the occurrence of an Event of Default which is continuing, the Chargor shall direct or procure its nominee to direct that any Dividends or other payments which it or its nominee as holder thereof may be entitled to receive in respect of any of the Charged Assets be paid to the Security Trustee for payment of the Secured Obligations in accordance with Clause 10 of this Deed.

4.5 ***Acquisition of Shares***

The Chargor shall promptly notify the Security Trustee of:

4.5.1 its acquisition of, or agreement to acquire, any Shares; and

4.5.2 the declaration, payment, allotment, offer or issue of any Dividend.

4.6 ***Communications***

The Chargor shall promptly upon request deliver to the Security Trustee a copy of every circular, notice, report, set of accounts or other documents received by it or its nominee in connection with any of the Charged Assets or in connection with or from the issuer of any of the Charged Assets.

4.7 ***Payment of calls etc.***

The Chargor will promptly pay or procure the payment of all calls, instalments or other payments which may at any time become due in respect of any of the Charged Assets. If the Chargor fails to make or procure such payment, the Security Trustee may make such payment on behalf of the Chargor and any sum so paid by the Security Trustee shall be reimbursed by the Chargor on demand.

4.8 ***Power of Attorney***

If any Charged Asset is not held in the Chargor's name other than as a result of the enforcement of the Charges, the Chargor shall promptly, at the request of the Security Trustee, deliver to the Security Trustee an irrevocable power of attorney, expressed to be given by way of security and executed as a deed by the person in whose name that Charged Asset is held. That power of attorney shall appoint the Security Trustee (as trustee for the Bondholders), every Receiver and every Delegate as the attorney of the

holder of that Charged Asset and shall be in such form as the Security Trustee reasonably requires.

5. GENERAL UNDERTAKINGS

5.1 *Authorisation*

The Chargor shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect (and supply certified copies to the Security Trustee of) any Authorisation required under any applicable law or regulation:

5.1.1 to enable him/her to perform his/her obligations under this Deed; and/or

5.1.2 to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Deed.

5.2 *Discharge other debts*

The Chargor shall punctually pay and discharge all debts and obligations in respect of the Charged Assets which by law have priority over the Charges.

5.3 *Depreciation of Charged Assets*

The Chargor shall not do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value of any of the Charged Assets.

5.4 *No deposit of Shares with any clearing house*

The Chargor shall not (and shall ensure that no other person will) deposit any Shares with any depositary, custodian, clearing house or system.

5.5 *Beneficial Ownership*

The Chargor shall except as permitted by Clause 3.2 (*Disposal*), at all times prior to the Release Date, remain the sole, absolute and beneficial owner of the Charged Assets and shall not grant or attempt 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.

5.6 *Information*

The Chargor shall give to the Security Trustee upon receipt copies of all notices, requests and other documents sent or received with respect to the Charged Assets and give to the Security Trustee such other information regarding the Charged Assets as the Security Trustee shall reasonably require.

5.7 *No alteration in composition of the board of directors*

The Chargor will procure that, prior to the Release Date, there shall be no change in the registered office or registered agent or administrator, no change to the Register of Members of the Company, and no appointment of any further director or officers of the Company, in each case, unless expressly permitted by this Deed, without the prior consent in writing of the Security Trustee (such consent not to be unreasonably withheld or delayed).

5.8 *No participation in voting concerning a members' liquidation or compromise*

The Chargor shall not without the prior written consent of the Security Trustee participate in any vote concerning a members' liquidation or compromise pursuant to sections 179A and 199 of the BVI Act or Part VI of the Insolvency Act.

5.9 *No amendments to memorandum or articles of association*

The Chargor shall ensure that it shall not, without the prior written consent of the Security Trustee, use its voting rights to permit the Company to amend its memorandum or articles of association in a way which could be expected to adversely affect the interests of the Security Trustee or any of the Bondholders.

6. REPRESENTATIONS AND WARRANTIES

6.1 *Representations*

The Chargor:

6.1.1 represents and warrants to the Security Trustee that:

- (a) other than as specified in Clause 3.4 (*Perfection and registration*), and other than any court filings in the usual course of proceedings no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any governmental authority or agency in any relevant jurisdiction or of any creditors of the Chargor is required for or in connection with the execution, performance, validity, enforceability and admissibility in evidence in the proceedings of this Deed, or the carrying out by the Chargor of any of the transactions contemplated hereby;
- (b) the obligations of the Chargor under this Deed are direct, general, unconditional obligations of the Chargor and rank at least pari passu with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract; and

6.1.2 further represents and warrants to the Security Trustee that:

- (a) it is the sole legal and beneficial owner of the Charged Assets;

- (b) it has not created any Security in any of its rights, title, interest or benefits in the Charged Assets (other than by this Deed);
- (c) neither it nor any of its nominees has sold or otherwise disposed of the Charged Assets or agreed to do so;
- (d) prior to any transfer to the Security Trustee, it is the legal owner of the Charged Assets (except for Shares that are held by any person as nominee for the Chargor, as notified to the Security Trustee in writing prior to the date of this Deed);
- (e) prior to the Release Date, the Shares subject to the Charges hereunder constitute 100% of the entire issued shares of and ownership interest in the Company, and there is no outstanding agreement or commitment on the part of the Company or the Chargor to issue or allot (or procure the issuance or allotment of) any Shares to any person other than the Chargor;
- (f) the Shares have been validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;
- (g) the Shares are freely transferable on the books of the Company and no consents or approvals are required in order to register a transfer of the Shares;
- (h) the Shares are not issued with any preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, return of any amount paid on account of shares or otherwise which are not expressly set out in the memorandum and articles of association of the Company;
- (i) the Chargor has not received any notice of an adverse claim by any person in respect of the ownership of the Charged Assets or any interest in the Charged Assets;
- (j) as at the date of this Deed, the particulars of the shares of and ownership interest in the Company held by, to the order of or on behalf of the Chargor as set out in Schedule 2 (*Particulars of Shares*) are accurate in all respects and such shares constitute 100% of the issued shares of the Company; and
- (k) no Event of Default is continuing.

6.2 ***Repetition***

The Chargor represents and warrants to and undertakes with the Security Trustee that the foregoing representations and warranties will be true and accurate on and as of each day during the period commencing on the date hereof and ending on

the date upon which all Secured Obligations have been satisfied in full with reference to the facts and circumstances on each such day.

7. ENFORCEMENT

7.1 *When enforceable*

The Charges shall be immediately enforceable following the occurrence of an Event of Default which is continuing and the Security Trustee may, without prior authorisation from any court in its discretion:

7.1.1 enforce all or any part of any Charges (at the times, in the manner and on the terms it thinks fit) and take possession and hold or dispose of all or any part of the Charged Assets; and

7.1.2 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions given to a Receiver under this Deed and/or otherwise conferred by law.

7.2 *No requirement of notice period*

Neither the Security Trustee nor any Receiver is required to give any prior notice of non-payment or default to the Chargor before enforcing any or all of the Charges, and there is no minimum period for which Secured Obligations must remain due and unpaid before the Charges can be enforced.

7.3 *No Liability as mortgagee in possession*

Neither the Security Trustee nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Assets or be liable for any loss upon realisation or for any neglect, default or omission in connection with all or any part of the Charged Assets to which a mortgagee in possession might otherwise be liable.

7.4 *Wide construction of enforcement powers*

The enforcement powers of the Security Trustee and any Receiver under this Deed shall be construed in the widest possible sense and all Parties intend that the Security Trustee and the Receiver shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law and/or the provisions of this Deed.

7.5 *Additional Power*

Without prejudice to the generality of the other provisions in this Deed, the Security Trustee may at any time after the occurrence of an Event of Default which is continuing to put into effect the documents delivered under Clauses 3.3.1 and 3.3.2

and appoint its own nominees as directors and officers and administrator of the Company.

7.6 *Sale of Charged Assets*

After the occurrence of an Event of Default which is continuing, each of the Security Trustee and any 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 Asset (or any relevant part thereof) may be sold (i) subject to any conditions which the Security Trustee or that Receiver may think fit to impose, (ii) to any person (including, without limitation, any person connected with the Chargor or the Security Trustee or any Bondholder) and (iii) at any price which the Security Trustee or that Receiver in its absolute discretion, considers to be the best obtainable in the circumstances taking into account the nature of the Company as a private company.

8. APPOINTMENT AND RIGHTS OF RECEIVERS

8.1 *Appointment of Receivers*

At any time after the occurrence of an Event of Default which is continuing, the Security Trustee may, by deed, or otherwise in writing signed by any officer or manager of the Security Trustee or any person authorised for this purpose by the Security Trustee, appoint one or more persons to be a Receiver of the Charged Assets and may from time to time fix his or their remunerations. The Security Trustee may similarly remove any Receiver so appointed and appoint any person as additional or replacement Receiver(s). If the Security Trustee appoints more than one person as Receiver, the Security Trustee may give those persons power to act either jointly or severally or jointly and severally.

8.2 *Powers and rights of Receivers*

8.2.1 Any Receiver appointed pursuant to this Clause 8 shall have, in relation to the Charged Assets in respect of which he is appointed:

- (a) the rights, powers, discretions, privileges and immunities conferred on mortgagors, mortgagees in possession and/or receivers by any applicable law;
- (b) the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do (including without limitation the right, in relation to the Company whose shares, ownership interests or other securities are charged pursuant to this Deed, to concur or participate in any of the matters specified in Clause 4.3.4, in each case in such manner and on such terms as such Receiver may think fit, and the proceeds of any such action shall form part of the Charged Assets);

- (c) the powers and rights conferred on the Security Trustee; and
- (d) the powers and rights set out in Schedule 1 (*Rights of Receivers*),

8.2.2 Each Receiver shall in the exercise of such Receiver's rights, powers, discretions, privileges and immunities conform to the directions and regulations from time to time given or made by the Security Trustee.

8.3 *Agent of Chargor*

Any Receiver shall be the agent of the Chargor for all purposes. The Chargor alone shall be responsible for each Receiver's contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by that Receiver.

8.4 *Remuneration*

The Security Trustee may determine the remuneration of any Receiver and any maximum rate specified in any applicable legislation shall (to the extent capable of being excluded) not apply. The Security Trustee may direct payment of that remuneration out of moneys such Receiver receives in its capacity as such. The Chargor alone shall be liable for the remuneration and all other costs, losses, liabilities and expenses of any Receiver.

8.5 *No liability for exercise of powers*

Neither the Security Trustee nor any Receiver shall be liable for any losses, involuntary or otherwise, which arise in the exercise by the Security Trustee or such Receiver of its powers under this Deed unless caused by its breach of the terms of this Deed, wilful default or gross negligence.

9. SECURITY TRUSTEE'S RIGHTS

9.1 *Same rights as Receiver*

Any rights conferred by any Transaction Document upon a Receiver may be exercised by the Security Trustee while the Charges are enforceable, whether or not the Security Trustee shall have taken possession or appointed a Receiver of any or all of the Charged Assets.

9.2 *Delegation*

Each of the Security Trustee and any Receiver may delegate in any manner to any person any rights exercisable by it under any Transaction Document. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Security Trustee or, as the case may be, such Receiver reasonably thinks fit.

9.3 *Terms of disposition*

In making any sale or other disposal of all or any part of the Charged Assets or any acquisition in the exercise of their respective powers (including without limitation a disposal by any Receiver or Delegate or the Security Trustee to any company formed pursuant to paragraph (c) (*Hive down*) of Schedule 1 (*Rights of Receivers*)), any Receiver or Delegate or the Security Trustee may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by such Receiver or Delegate or the Security Trustee, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by any Receiver or Delegate or the Security Trustee may contain conditions excluding or restricting the personal liability of such Receiver or Delegate or the Security Trustee.

10. APPLICATION OF PROCEEDS

All monies received or recovered by the Security Trustee or any Delegate or any Receiver in exercise of their rights or otherwise under this Deed shall, subject to Clause 14.6 (*Appropriations*) and subject to the claims of any person having prior rights thereto and any mandatory provisions of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) where applicable, be applied in the following order of priority:-

- (a) in payment or satisfaction of all costs, charges, expenses and liabilities properly incurred and payments made by or on behalf of the Security Trustee, Receiver or Delegate in connection with the exercise of any powers hereunder and in preserving or attempting to preserve the Security created under this Deed;
- (b) in or towards reduction of the remaining Secured Obligations as the Security Trustee shall think fit (acting reasonably) subject however to the Security Trust Deed;

but so that if and for so long as the Chargor has any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to apply the same as mentioned above until all such liability is ascertained and due, and the same shall form part of the Charged Assets.

11. LIABILITY OF SECURITY TRUSTEE, RECEIVER AND DELEGATES

- 11.1 Neither the Security Trustee, any Receiver nor any Delegate shall (either by reason of taking possession of the Charged Assets or for any other reason) be liable to the Chargor, any Bondholder or any other person for any costs, losses, liabilities or expenses relating to the realisation of any Charged Assets or from any act, default, omission or misconduct of the Security Trustee, any Receiver, any Delegate or their

respective officers, employees or agents in relation to any or all of the Charged Assets or in connection with any or all of the Transaction Documents.

- 11.2 Nothing in this Deed shall be construed as placing on the Security Trustee 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 in respect of any of the Charged Assets or such calls, instalments or payments, and the Chargor shall indemnify the Security Trustee upon demand in respect of all calls, instalments or other payments relating to any of the Charged Assets and/or to any rights, shares and other securities accruing, offered or arising in respect of the Charged Assets or such calls, instalments or payments in respect of any of such Charged Assets.

12. POWER OF ATTORNEY

12.1 *Appointment*

The Chargor by way of security irrevocably (within the meaning of Section 4 of the Powers of Attorney Ordinance (Cap. 31)) appoints the Security Trustee, every Receiver and every Delegate severally as its attorney (with full power of substitution), on its behalf and in its name or otherwise, at such time and in such manner as the attorney thinks fit:

12.1.1 to do anything which the Chargor is obliged to do (but has not done) under this Deed (including to execute charges over, transfers, conveyances, assignments and assurances of, and other deeds, instruments, notices, orders and directions relating to, the Charged Assets or any part thereof); and

12.1.2 to exercise any of the rights conferred on the Security Trustee, any Receiver or any Delegate in relation to the Charged Assets (or any part thereof) or under this Deed and/or applicable laws and regulations (including without limitation, any right of a legal or beneficial owner of the Charged Assets).

12.2 *Ratification*

The Chargor ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall lawfully do in the exercise or purported exercise of the power of attorney granted by it in Clause 12.1 (*Appointment*).

12.3 *Termination*

This power of attorney created pursuant to this Clause 12 shall terminate when the Secured Obligations have been fully repaid.

13. PROTECTION OF THIRD PARTIES

13.1 *No duty to enquire*

No person dealing with the Security Trustee, any other Bondholder, any Receiver or any Delegate shall be concerned to enquire:

- 13.1.1 whether the power or rights conferred by or pursuant to any Transaction Document are exercisable;
- 13.1.2 whether any consents, regulations, restrictions or directions relating to such powers or rights have been obtained or complied with;
- 13.1.3 otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers or rights; or
- 13.1.4 as to the application of any money borrowed or raised or of any proceeds of any disposition or realisation.

13.2 *Protection to purchasers*

- 13.2.1 The receipt of the Security Trustee or any Receiver or Delegate shall be conclusive discharge to a purchaser of the Charged Assets (or any part thereof) from the Security Trustee or such Receiver or Delegate.
- 13.2.2 No purchaser or other person dealing with the Security Trustee, any Receiver or any Delegate shall be bound to inquire whether the right of the Security Trustee, such Receiver or such Delegate to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Trustee, such Receiver or such Delegate in such dealings.

14. **SAVING PROVISIONS**

14.1 *Continuing Security*

Subject to Clause 15 (*Discharge of Security*), the Charges are continuing Security and will extend to the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

14.2 *Reinstatement*

If any payment by or recovery from the Chargor or any discharge or release given by a Bondholder (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) under or in connection with any Transaction Document is avoided or reduced for any reason including, without limitation, as a result of insolvency, breach of fiduciary or statutory duties or any similar event:

- 14.2.1 the liabilities of the Chargor hereunder and the Charges shall continue as if such payment, recovery, discharge or release had not occurred; and

14.2.2 each Bondholder shall be entitled to recover the value or amount of that payment or recovery from the Chargor and any and all Charges hereunder, as if such payment, recovery, discharge or release had not occurred.

14.3 *Cumulative rights*

The security created by or pursuant to this Deed, and the rights, powers and remedies of the Security Trustee provided by or pursuant to this Deed, shall be cumulative, in addition to and independent of every other security which the Security Trustee or any other Bondholder may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law. No prior security held by the Security Trustee (whether in its capacity as trustee or otherwise) or any other Bondholder over the whole or any part of the Charged Assets shall merge into the security constituted by this Deed.

14.4 *Waiver of defences*

Neither the obligations of the Chargor under this Deed nor the Charges will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under any Transaction Document or any of the Charges (without limitation and whether or not known to it or any of the Bondholders) including:

- 14.4.1 any time, waiver or consent granted to, or composition with, the Chargor, any other Obligor or any other person;
- 14.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any such Obligor or other person;
- 14.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or security over assets of, the Chargor, any other Obligor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 14.4.4 any incapacity or lack of power, authority or legal personality of the Chargor, any other Obligor or any other person or dissolution or change in the members or status or constitution of the Chargor, any other Obligor or any other person;
- 14.4.5 any amendment (however fundamental) or replacement of a Transaction Document or any other document or security;
- 14.4.6 any variation of the terms of the trust upon which the Security Trustee holds the security constituted by this Deed;
- 14.4.7 any unenforceability, illegality or invalidity of any obligation of any person under any Transaction Document or any other document or security;

14.4.8 any insolvency or similar proceedings;

14.4.9 this Deed or any other Transaction Document not being validly executed by or binding against any party; or

14.4.10 any other Security, guarantee or indemnity now or thereafter, held by the Security Trustee or any other person in respect of the Secured Obligations or any other liabilities.

14.5 ***Immediate recourse***

The Chargor waives any right it may have of first requiring the Security Trustee or any Bondholder to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of any Transaction Document to the contrary.

14.6 ***Appropriations***

Until all the Secured Obligations have been irrevocably paid in full and no further Secured Obligations may become outstanding, the Security Trustee or each Bondholder may, whether any of the Secured Obligations is overdue:

14.6.1 refrain from applying or enforcing any other moneys, security or rights held, received or recovered by that Bondholder (or any trustee or agent on its behalf), or apply and enforce the same in such manner and order as it sees fit (save as otherwise expressly provided in this Deed) and the Chargor shall not be entitled to the benefit of the same; and/or

14.6.2 hold in a suspense account any moneys received or recovered from the Chargor or on account of any Charged Asset or the Chargor's liability under this Deed (pending application of the same from time to time in accordance with the provisions of this Deed).

14.7 ***Deferral of Chargor's rights***

Until all the Secured Obligations have been irrevocably paid in full and no further Secured Obligations may become outstanding and unless the Security Trustee otherwise directs, the Chargor shall not:

14.7.1 exercise any rights which it may have by reason of the performance by it of its obligations under the Transaction Documents:

(a) to be indemnified by any person;

(b) to claim any contribution from any other Obligor or any guarantor of any Obligor's obligations under any or all of the Transaction Documents; and/or

- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee, the Bondholders under the Transaction Documents or of any guarantee or other security taken pursuant to, or in connection with, any or all of the Transaction Documents by any Bondholder; or

14.7.2 accept or permit to subsist any security from any Obligor or any other person in respect of any rights the Chargor may have arising out of this Deed. Notwithstanding the foregoing, if any such security shall be accepted or subsisting, the Chargor acknowledges that its rights under such Security shall be held on trust for the Security Trustee (as trustee for the Bondholders).

14.8 *Additional Security*

The Charges are in addition to and are not in any way prejudiced by any other guarantees or security now or subsequently held by the Security Trustee and any Bondholder from time to time.

14.9 *Subsequent Security*

If the Security Trustee or any Bondholder (or any trustee or agent on its behalf) at any time receives or is deemed to have received notice of any subsequent security affecting all or any part of the Charged Assets or any assignment, transfer or disposition of all or any part of the Charged Assets which is prohibited by the terms of any Transaction Document, all payments thereafter by or on behalf of the Chargor to the Security Trustee or any Bondholder (or any trustee or agent on its behalf) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations as at the time when the first-mentioned Bondholder (or any trustee or agent on its behalf) received such notice.

14.10 *Tacking*

Each Bondholder shall comply with its obligations under the Transaction Documents.

15. DISCHARGE OF SECURITY

15.1 *Final redemption*

15.1.1 Subject to Clauses 14.2 (*Reinstatement*) and 15.2 (*Retention of security*), if the Security Trustee is satisfied that all the Secured Obligations have been irrevocably paid in full and that no further Secured Obligations may become outstanding, the Security Trustee shall promptly at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charges (except to the extent already disposed of or enforced against in accordance with this Deed).

15.1.2 Any release, reassignment or discharge by the Security Trustee pursuant to this Clause 15.1 shall, in each case, be without recourse to, or any

representation or warranty by, the Security Trustee or any other Bondholder or any of their respective nominees.

15.1.3 For those Charged Assets which have been transferred and registered under the name of the Security Trustee (as trustee for the Bondholders) or its nominee, the Security Trustee shall only be obliged to return the share certificate(s) then representing the Charged Assets not yet disposed of or realised by the Security Trustee pursuant to its powers under this Deed (but not the original share certificates originally delivered to the Security Trustee by the Chargor) with the instruments of transfer duly executed in favour of the Chargor or such other person as the Chargor may direct.

15.2 *Retention of security*

If the Security Trustee considers that any amount paid or credited to or recovered by any Bondholder under any Transaction Document is capable of being avoided or otherwise set aside on the winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

15.3 *Consolidation*

Any restrictions on the consolidation of Security shall be excluded to the fullest extent permitted by law and the Security Trustee shall, so far as it is lawful and subject to other provisions of this Deed, be entitled to consolidate all or any of the Charges with any other Security whether in existence on the date of this Deed or in the future from time to time.

16. **PAYMENTS**

All payments by the Chargor under this Deed (including damages for its breach) shall be made to such account, with such financial institution and in such other manner as the Security Trustee may direct.

17. **SEPARATE AND INDEPENDENT OBLIGATIONS**

The Security created by the Chargor by or in connection with any Transaction Document is separate from and independent of the Security created or intended to be created by any other Obligor by or in connection with any Transaction Document.

18. **CONDUCT OF BUSINESS BY THE SECURITY TRUSTEE**

No provision of this Deed will:

18.1.1 interfere with the right of any Bondholder to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

- 18.1.2 oblige any Bondholder to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- 18.1.3 oblige any Bondholder to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

19. OTHER INDEMNITIES

19.1 *General indemnity*

The Chargor will, within five (5) Business Days of demand, pay all costs, losses, expenses and liabilities (including any stamp duty, registration or other similar taxes) lawfully incurred by the Security Trustee or by any Receiver in connection with the Charge. This includes any costs and expenses relating to the enforcement or preservation of the Charge or the Charged Assets and to any amendment, waiver, consent or release required in connection with the Charge.

19.2 *Indemnities separate*

Each indemnity in this Deed shall:

- 19.2.1 constitute a separate and independent obligation from the other obligations in this Deed or any other Transaction Document;
- 19.2.2 give rise to a separate and independent cause of action;
- 19.2.3 apply irrespective of any indulgence granted by the Security Trustee or any Bondholder;
- 19.2.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligations or any other judgment or order; and
- 19.2.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to any Bondholder or the Security Trustee.

20. ASSIGNMENTS AND TRANSFERS

20.1 *No Assignments or Transfers by the Chargor*

The Chargor may not assign or transfer any or all of its rights and/or obligations under this Deed.

20.2 *Assignment and Transfer by Security Trustee*

The Security Trustee may assign and/or transfer all or any of its rights and/or obligations under this Deed without the prior written consent of the Chargor. Where the assignee is a successor of the Security Trustee, upon such assignment and transfer

taking effect, the assignee shall be and be deemed to be acting as security trustee for the Bondholders for the purposes of this Deed and in place of the Security Trustee.

20.3 *Assignment by Bondholders*

Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred its Bonds in accordance with the terms of that Bond Instrument.

21. RIGHTS, AMENDMENTS, NOTICE, WAIVERS AND DETERMINATIONS

21.1 *Ambiguity*

Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail (to the maximum extent permitted by law).

21.2 *Amendments and waivers*

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Security Trustee.

21.3 *Notice*

Any notice, claim, or demand in connection with this Deed shall be in writing (each a "Notice"), and shall be delivered or sent to the recipient at its fax number, or address listed below, or any other fax number or address notified to the sender by the recipient for the purposes of this Deed:

To the Chargor:

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	The Board of Directors

To the Security Trustee:

Name	Cheer Hope Holdings Limited
Address	12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Fax	(852) 2140 6088
Attention	Rosche Yam / Carol Fan / Jason Xu

Any notice shall be deemed to have been served: (a) if served by hand, when delivered and proof of delivery is obtained by the delivery party, (b) if served by overnight courier, on the next Business Day, or (c) if sent by facsimile, when despatched subject to

confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 5:00 p.m. on any day shall be deemed to have been received at 9:00 a.m. on the next Business Day. Any notice received on a Sunday or public holiday shall be deemed to be received on the next Business Day.

21.4 *Counterparts*

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

22. GOVERNING LAW

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

23. JURISDICTION

23.1 *Jurisdiction of Hong Kong courts*

23.1.1 The courts of Hong Kong have non-exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**").

23.1.2 The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party will argue to the contrary.

23.2 *Waiver of Immunity*

The Chargor waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

23.2.1 the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues (or any part thereof); and

23.2.2 the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenue (or any part thereof).

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.

SCHEDULE 1
RIGHTS OF RECEIVERS

Any Receiver appointed pursuant to Clause 8 (*Appointment and Rights of Receivers*) shall have the right, either in his own name or in the name of the Chargor (notwithstanding any dissolution or winding-up of the Chargor) or otherwise and in such manner and upon such terms and conditions as the Receiver thinks fit, and either alone or jointly with any other person:

(a) **Take possession**

to take possession of the Charged Assets, and to require payment to it of all Dividends including without limitation, to complete any instruments of transfer and to procure the transfer of the Charged Assets into the name of the Security Trustee (as trustee for the Bondholders) or its nominee and, if necessary, take possession of and collect the share certificates and/or other documents of title relating to the Charged Assets, in each case, at the cost and risk of the Chargor;

(b) **Deal with Charged Assets**

to sell, transfer, assign, exchange or otherwise dispose of or realise the Charged Assets to any person (including a new company formed pursuant to paragraph (c) (*Hive down*)) either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments spread over a period or deferred);

(c) **Hive down**

to form a new company and to subscribe for or acquire (for cash or otherwise) any investment in or of the new company and to sell, transfer, assign, exchange and otherwise dispose of or realise any such investments or part thereof or any rights attaching thereto;

(d) **Borrow money**

to borrow or raise money either unsecured or on the security of the Charged Assets (either in priority to the Charges or otherwise);

(e) **Rights of ownership**

to exercise and do (or permit the Chargor or any nominee of it to exercise and do) all such rights and things as the Receiver would be capable of exercising or doing if it were the absolute legal or beneficial owner of the Charged Assets (including without limitation the exercise of any or all of the voting rights in respect of the Charged Assets and the right to receive Dividends);

(f) **Covenants and guarantees**

to enter into bonds, covenants, guarantees, indemnities and other commitments and to make all payments needed to effect, maintain or satisfy them and to use the company seal of the Chargor;

(g) **Claims**

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person relating to the Charged Assets;

(h) **Legal actions**

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Charged Assets and in addition to take or defend proceedings for the compulsory winding-up of the Chargor and proceedings for directions under Section 255 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);

(i) **Redemption of Security**

to redeem any Security (whether or not having priority to the Charges) over the Charged Assets and to settle the accounts of any person with an interest in the Charged Assets;

(j) **Spend money**

in the exercise of any of the above powers, to spend such sums as he may properly think fit and the Chargor shall forthwith on demand repay to the Security Trustee or the Receiver (as the case may be) all sums so spent together with interest on those sums at such rates as the Security Trustee may from time to time properly determine from the time they are paid or incurred and until repayment those sums (together with such interest) shall be secured by the Charges;

(k) **Acquisitions**

to purchase, lease, hire or otherwise acquire any assets or rights of any description which he shall in his absolute discretion consider necessary or desirable for the improvement or realisation of the whole or any part of the Charged Assets or otherwise for the benefit of the whole or any part of the Charged Assets;

(l) **Receipts**

to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising any Charged Asset;

(m) **Delegation**

to delegate his powers in accordance with Clause 9.2 (*Delegation*);

(n) **Appointment and Removal of Directors**

to complete, date and put into effect any stock transfer form or instrument of transfer delivered in relation to the Charged Assets or any part thereof pursuant to Clause 3 (*Restrictions and Further Assurance*), any letter of resignation, any undated resolution(s) of the board of directors of the Company and/or any other document(s) delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) and to exercise all powers of appointment and/or removal of the directors of the Company attaching to the Charged Assets or any part thereof; and

(o) **Other powers**

to do anything else he may think fit for the realisation of the Charged Assets or incidental to the exercise of any of the rights conferred on the Security Trustee or any Receiver under or by virtue of any Transaction Document to which the Chargor is party and/or applicable statutory provisions and common law.

SCHEDULE 2
PARTICULARS OF SHARES

<u>Registered Owner</u>	<u>Shares (type, number and nominal value)</u>
The Chargor	4,000 Shares par value US\$1.00 each

SCHEDULE 3
FORM OF ACKNOWLEDGMENT FROM NOMINEE

To: Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee (as defined in the Share Charge referred to below, which expression shall include its and any subsequent successors, assigns and transferees)

Dear Sirs,

At the request of China Smarter Energy Group Holdings Limited (the "**Chargor**"), I/we hereby:

1. warrant and confirm that I am/we are the registered holder(s) of [*insert number and description of relevant Charged Assets*] (the "**Share[s]**") and am/are holding the Share[s] as nominee for and on behalf of the Chargor;
2. acknowledge that the Chargor has, pursuant to a share charge (as amended from time to time, the "**Share Charge**") dated [] between inter alia, the Chargor and Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee, charged the Share[s] in favour of you as security upon the terms and conditions specified therein;
3. undertake that I/we shall, upon and at all times after notification by you to us that the security constituted by the Share Charge has become enforceable, hold the Share[s] on trust for you (or any other person whom you may nominate);
4. undertake that I/we shall, upon being requested by you to do so, transfer the legal title in the Share[s] to you (or any other person whom you may nominate) and do all acts and execute all documents as may be necessary and/or as you may require for such purpose; and
5. irrevocably and unconditionally appoint each of you, any Receiver (as defined in the Share Charge) and any Delegate (as defined in the Share Charge) severally to be my/our attorney on the terms of Clause 12 (*Power of Attorney*) of the Share Charge (*mutatis mutandis*) as if I was/we were the Chargor, and undertake to execute such further powers of attorney in such form as you may reasonably require from time to time.

Dated:

[in the case where the relevant nominee is a company incorporated in Hong Kong or a company incorporated outside Hong Kong which has a company seal]

THE COMMON SEAL of)
[*name of relevant nominee*])
was hereunto affixed)
in the presence of)

[in the case where the relevant nominee is a company outside Hong Kong which does not have any company seal]

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant authorised signatory*])
for and on behalf of)
[*name of relevant nominee*])
in the presence of)

L.S.

Witness:

[in the case where the relevant nominee is an individual]

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant nominee*])
in the presence of)

L.S.

Witness:

SCHEDULE 4

FORM OF LETTER OF RESIGNATION OF THE DIRECTORS OF THE COMPANY

To: The Board of Directors
Rising Group International Limited (the "**Company**")
[insert address of registered office of the Company]

Date: *[to be left blank]*

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and
2. there is no outstanding agreement or arrangement with the Company under which the Company has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[name of director])
in the presence of)

(L.S.)

Witness:

SCHEDULE 5
FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee (as defined in the Share Charge referred to below, which expression shall include its and any subsequent successors, assigns and transferees)

Dear Sirs,

Share Charge dated [] between China Smarter Energy Group Holdings Limited as chargor and Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee (as amended from time to time, the "Share Charge") in respect of, among other things, the shares in Rising Group International Limited (the "Company")

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of the Company, that any or all of the shares in the Company which are charged to the Security Trustee pursuant to the Share Charge shall upon your request be promptly registered in the name of the Security Trustee or (at the request of the Security Trustee) any person(s) whom the Security Trustee may nominate; and
2. authorise each of the Security Trustee and any other person(s) authorised by the Security Trustee severally to complete, date and put into effect:
 - (a) any letter of resignation signed by me and delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) of the Share Charge;
 - (b) any written resolutions of the board of directors of the Company signed by me delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) of the Share Charge; and
 - (c) any other document signed by me and delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) of the Share Charge,

at any time after the security constituted by the Share Charge shall have become enforceable in accordance with its terms.

Dated:

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant director*])
in the presence of)
Witness:

○
L.S.

**SCHEDULE 6
FORM OF WRITTEN RESOLUTIONS**

Rising Group International Limited (the "Company")
**WRITTEN RESOLUTIONS OF
THE BOARD OF DIRECTORS OF THE COMPANY**

Dated: *[to be left blank]*

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the Register of Members of the Company in respect of the relevant share(s) so transferred and that new share certificates in respect of such share(s) be issued forthwith to such transferee in accordance with the Articles of Association of the Company and for this purpose any director of the Company be authorised to sign such new share certificates for and on behalf of the Company and the common seal of the Company be affixed thereto:

[to be left blank]

2. each of the following persons be appointed as a director of the Company with immediate effect:

[to be left blank]

3. the resignation of the following person(s) as director(s) of the Company be accepted with immediate effect:

[to be left blank]

[This document may be signed in different counterparts.]

[all the directors of the Company to state their names and sign in different counterparts]

SCHEDULE 7
INSTRUMENT OF TRANSFER

Rising Group International Limited
incorporated in the British Virgin Islands
(the "**Company**")

Pursuant to a share charge dated [•] 2015 in respect of all the issued shares of the Company executed by China Smarter Energy Group Holdings Limited (as chargor) in favour of Cheer Hope Holdings Limited (展望控股有限公司) (as Security Trustee), [*] (as Transferor) hereby sells, assigns and transfers to

_____ (Name in full and nationality of Transferee)

of _____

(address)

_____ shares par value _____ each of the Company.

Dated this _____ day of _____ .

In the presence of:

For and on behalf of
China Smarter Energy Group Holdings Limited
(Transferor)

(Witness)

In the presence of:

For and on behalf of
(Transferee)

(Witness)

SCHEDULE 8

FORM OF IRREVOCABLE APPOINTMENT OF PROXY AND POWER OF ATTORNEY

We, China Smarter Energy Group Holdings Limited, hereby irrevocably appoint [*] as our:

1. proxy to vote at meetings of the Shareholders of Rising Group International Limited (the "**Company**") in respect of any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name; and
2. duly authorised representative and duly appointed attorney-in-fact to sign resolutions in writing of the Company in respect of any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name.

This proxy and this power of attorney are irrevocable by reason of being coupled with the interest of [*] as chargee of the aforesaid shares.

IN WITNESS whereof this instrument has been duly executed as a deed this [] day of 2015.

THE COMMON SEAL of)	_____
China Smarter Energy Group)	Duly Authorised Signatory
Holdings Limited)	
was hereunto affixed and signed by)	Name: _____
)	
)	Title: _____
)	

SCHEDULE 9
FORM OF LETTER FROM THE ADMINISTRATOR TO THE REGISTERED AGENT

Letter to Registered Agent

Date:

[*]

Dear Sirs,

**RE: Change of Administrator of Rising Group International Limited
(the “Company”)**

We write to notify you that the administrator of the Company will irrevocably be changed to _____ with immediate effect.

Contact details of the new administrator are as follows:

Thank you for your attention.

For and on behalf of

[*]

Administrator of Rising Group International Limited

SCHEDULE 10
FORM OF LETTER OF AUTHORITY FROM THE ADMINISTRATOR

LETTER OF AUTHORISATION

To: Cheer Hope Holdings Limited (展望控股有限公司) (as security trustee, including any successor in such capacity)

Dear Sirs,

Re: Charge by China Smarter Energy Group Holdings Limited (the “Chargor”) of all its Shareholding in Rising Group International Limited (the “Company”) in favour of Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee

We hereby unconditionally and irrevocably authorise you and any other party(ies) authorised by you (“**Authorized Representative(s)**”) to complete, date and put into effect in manner you or the Authorized Representative(s) think(s) fit the letter to the registered agent of the Company regarding change of administrator of the Company signed by us in blank/in escrow and any other documents in relation to the Company so signed by us at any time after the security constituted by the instrument under which the captioned share charge is granted by the Chargor has become enforceable in accordance with its terms.

Date:

EXECUTED as a DEED by _____ :

SEALED with the **Common Seal** of

and **SIGNED** for and on its behalf by

_____, its director(s), who has/have been duly authorized to do so

SIGNATURE PAGE

CHARGOR

THE COMMON SEAL of)
China Smarter Energy)
Group Holdings Limited)
was hereunto affixed and)
signed for and on its behalf by)

in the presence of

Witness

SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
Cheer Hope Holdings Limited)
(展望控股有限公司))

Dated _____ **2015**

MAX ACCESS LIMITED

(as Chargor)

in favour of

CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)

(as Security Trustee)

SHARE CHARGE

REED SMITH RICHARDS BUTLER

20th Floor

Alexandra House

18 Chater Road, Central

Hong Kong

Ref: DHO/AOKN/370863.00007

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THIS DEED is made on

2015 between:

- (1) **Max Access Limited** (the "**Chargor**") a company incorporated under the laws of the British Virgin Islands with limited liability and having its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands; and
- (2) **Cheer Hope Holdings Limited (展望控股有限公司)**, a company incorporated in the British Virgin Islands and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands with principal place of business in Hong Kong situated at 12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong, acting on its own behalf and as security trustee for and on behalf of the other Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS:-

- (A) The Chargor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the Security Trust Deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司) the Listco, Rising Group International Limited, Surplus Basic Limited and the Chargor (the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 *Defined Terms*

In this Deed, unless a contrary indication appears or the context otherwise requires, terms used shall have the meanings given to them in the Bond Instrument and in addition:

"Beneficiaries" has the meaning given to it in the Security Trust Deed.

"Bond Instrument" means the instrument dated [*] 2015 issued by the Listco constituting the Bonds as such instrument may be amended, supplemented and/or varied from time to time.

"BVI" means the British Virgin Islands.

"**BVI Act**" means the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands.

"**Charged Assets**" means, in respect of the Chargor, the Shares, the Dividends and the assets of the Chargor from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"**Charges**" means all or any of the Security created or expressed to be created by or pursuant to this Deed.

"**Company**" means China Smarter Energy Investment Limited 中國智慧能源投資有限公司, a company incorporated under the laws of Hong Kong with limited liability whose registered office is at [*].

this "**Deed**" means this Share Charge.

"**Delegate**" means a delegate or sub-delegate appointed under Clause 9.2 (*Delegation*).

"**Dividends**" means all present and future:

- (a) dividends and distributions of any kind and any other sum received or receivable in respect of any Share or any other asset referred to in this definition;
- (b) rights, shares, money or other assets accruing or offered by way of redemption, bonus, option or otherwise in respect of any Share or any other asset referred to in this definition;
- (c) allotments, offers and rights accruing or offered in respect of any Share or any other asset referred to in this definition; and
- (d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, any Share or any other asset referred to in this definition.

"**Event of Default**" has the meaning ascribed to it under the Bond Instrument;

"**Instrument of Transfer and Bought and Sold Notes**" means the instrument of transfer and bought and sold notes substantially in the form set out in Schedule 7 (*Instrument of Transfer and Bought and Sold Notes*).

"**Listco**" means China Smarter Energy Group Holdings Limited.

"**Obligors**" means the Listco, the Chargor and any other party to the Security Documents (other than the security trustee and the Bondholders), and each an "Obligor".

"**Party**" means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

"Receiver" means a receiver and/or manager or other receiver appointed in respect of any or all of the Charged Assets pursuant to this Deed.

"Release Date" means the date upon which the Charged Assets are to be released pursuant to Clause 15.1 (*Final redemption*).

"Register of Charges" means the register of charges of the Chargor maintained by the Chargor in accordance with section 162 of the BVI Act.

"Registrar of Corporate Affairs" means the Registrar of Corporate Affairs of the British Virgin Islands appointed under Section 229 of the BVI Act.

"Register of Members" means the register of members of the Company maintained by the Company.

"Secured Obligations" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Beneficiaries under or pursuant to the Transaction Documents and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any of the Bondholders or the Security Trustee or any Receiver may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"Shares" means:

- (a) all present and future shares (of each class) in and/or ownership interests of the Chargor from time to time in the Company (including without limitation those set out in Schedule 2 (*Particulars of Shares*));
- (b) all warrants, options or other rights to subscribe for, purchase or otherwise acquire any shares (of any class) of or ownership interests of the Chargor from time to time in the Company; and
- (c) all rights of the Chargor from time to time relating to any of those shares which are deposited with, or registered in the name of, any depository, custodian, nominee or other similar person (including rights against any such person).

1.2 **Construction**

In this Deed, unless the context otherwise requires, Clause 1 (Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 *Trust*

All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of itself as Security Trustee and each Bondholder from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 2.1 (*Charge*) or the release of all or any part of the Charges from this Deed. The trust constituted by this Clause shall come into existence on the date of this Deed and shall last for so long as any of the Secured Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any dispositions made or to be made pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

2. SECURITY

2.1 *Charge*

The Chargor, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all Secured Obligations:

2.1.1 charges in favour of the Security Trustee (as trustee for the Bondholders) by way of first fixed charge all its rights, title and interest present and future in and to the Shares and Dividends except to the extent that such rights are subject to a valid and effective assignment by way of fixed security with first ranking priority under Clause 2.1.2; and

2.1.2 assigns by way of fixed security with first ranking priority, and agrees to assign by way of first fixed security absolutely to the Security Trustee (as trustee for the Bondholders), all its rights (including those rights it may have against a nominee), present and future, relating to any of the Shares and/or Dividends, including without limitation:

- (a) its rights relating to or against any depository, nominee or similar person with whom any of the Shares and/or Dividends may be deposited to the extent of those Shares and/or Dividends;
- (b) rights it may have against any person to require delivery to it of any of the Shares and/or Dividends;
- (c) rights (contractually or otherwise) to give instructions relating to any of the Shares and/or Dividends; and
- (d) all claims for damages and rights to receive moneys due or to become due for any reason whatsoever in respect of any of the Shares and/or Dividends,

including those rights it may have against a nominee or a delegate.

2.2 *Share Certificates etc.*

In respect of each of the Shares and Dividends (that are in the form of shares and/or securities) held by, to the order of or on behalf of the Chargor on the date of this Deed, the Chargor shall forthwith upon execution of this Deed deliver to the Security Trustee (as trustee for the Bondholders) all certificate(s) (if any, or if none, promptly upon the same being issued) representing such Share or Dividend.

2.3 *Further security*

The Chargor shall, promptly upon the Security Trustee so requiring by notice to it, execute and deliver (or procure the execution and delivery of the same) to the Security Trustee such other Security (in such form as the Security Trustee shall require and, to the extent possible, on terms substantially similar to this Deed) in favour of the Security Trustee (as trustee for the Bondholders) as the Security Trustee may require from time to time in order to:-

- (a) ensure that it has an effective first ranking fixed charge over the Charged Assets; and
- (b) facilitate the enforcement of the Charges, the realisation of the Charged Assets or the exercise of any rights held by the Security Trustee or any Receiver under or in connection with the Charges.

2.4 *Retention of documents*

The Security Trustee shall be entitled to continue to hold any document delivered to it pursuant to Clause 3.3 (*Delivery of documents*) until the Release Date and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall immediately comply with that requirement or procure that it is complied with.

2A. COVENANT TO PAY

- 2A.1 The Chargor irrevocable and unconditionally guarantees and covenants to pay, as a primary obligor and not merely as a surety, for the benefit of the Security Trustee (as trustee for the Beneficiaries), by way of an independent payment obligation, the Secured Obligations when due.

3. RESTRICTIONS AND FURTHER ASSURANCE

3.1 *Security*

The Chargor shall not, prior to the Release Date, create or permit to subsist any Security over the Charged Assets unless such Security is created with the prior written consent of the Security Trustee (acting on the authorisation of a Special Resolution).

3.2 *Disposal*

The Chargor shall not (nor shall the Chargor agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary), prior to the Release Date, to sell, lease, withdraw, transfer or otherwise dispose of the Charged Assets.

3.3 *Delivery of documents*

In addition to the requirements under Clause 2.2 (*Share certificates etc*):

3.3.1 the Chargor shall promptly deliver or procure that there shall be delivered to the Security Trustee the following documents (in a form and substance satisfactory to the Security Trustee acting reasonably) (i) in respect of the Charged Assets in existence on the date of this Deed upon execution of this Deed and (ii) in respect of any Charged Asset coming into existence or acquired by the Chargor after the date of this Deed upon such coming into existence or acquisition, all of which documents may be held by the Security Trustee until all of the Charges are released:

- (a) (in the case where such Charged Assets are Shares in the Company) valid and duly issued share certificates in respect of such Charged Assets or (in any other case) documents of title in respect of such Charged Assets;
- (b) a certified copy of the Register of Members of the Company;
- (c) duly executed Instrument of Transfer and Bought and Sold Notes in respect of the Shares but with the date and name of the transferee left blank;
- (d) (in respect of any Share that is held by or registered in the name of any person other than the Chargor) (if applicable) an acknowledgment duly executed by such person in substantially the form as set out in Schedule 3 (*Form of Acknowledgment from Nominee*) in respect of such Charged Asset; and
- (e) all other documents necessary or conducive to enable the Security Trustee (as trustee for the Bondholders) to register such Charged Assets in its name or in the name of its nominees;

3.3.2 the Chargor shall promptly deliver or procure that there shall be delivered to the Security Trustee the following documents upon execution of this Deed:

- (a) an undated letter of resignation duly executed by each director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation of the Directors of the Company*);
- (b) a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 5 (*Form of Letter of Undertaking and Authorisation*);

- (c) undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company in substantially the form set out in Schedule 6 (*Form of Written Resolutions*); and
- (d) an executed irrevocable proxy and power of attorney made in respect of the Shares in favour of the Security Trustee in respect of all general meetings and written resolutions of the Company respectively in the form set out in Schedule 8 (*Form of Irrevocable Proxy and Power of Attorney*);

and shall deliver or procure that there shall be delivered to the Security Trustee an undated written resolution of the board of directors duly executed by all of the directors of the Company in respect of resolutions number 2 and 3 in Schedule 6 within 14 days from the date of this Deed. In addition, the Chargor shall upon the appointment of any director of the Company after the date of this Deed procure the delivery to the Security Trustee of (i) the documents referred to in paragraphs (a) and (b) in respect of such director and (ii) the document referred to in paragraph (c). All of the documents delivered under this Clause 3.3 may be held by the Security Trustee until the Release Date; and

- 3.3.3 upon any person holding any Charged Asset on behalf of the Chargor after the date of this Deed, the Chargor shall procure the delivery to the Security Trustee of an acknowledgment duly executed by such person in substantially the form set out in Schedule 3 (*Form of Acknowledgment from Nominee*) in respect of such Charged Asset, which acknowledgment may be held by the Security Trustee until all of the Charges are released,

provided that the powers under the document listed above in Clause 3.3.2(d) will not be exercised until the occurrence of an Event of Default which is continuing.

3.4 ***Perfection and registration***

The Chargor shall (and, if applicable, will procure that its nominees will):

- 3.4.1 promptly upon execution of this Charge procure that the following annotation be entered on the Register of Members of the Company:

"The [*] ordinary shares of [*] par value issued as fully paid up in the name of Max Access Limited are charged in favour of [Cheer Hope Holdings Limited 展望控股有限公司] pursuant to a share charge dated [*] 2015, as amended from time to time. The date on which this annotation was entered in the Register of Members is [*] [company secretary to complete]."

- 3.4.2 as soon as reasonably practicable after execution of this Deed (but in any event no later than the time required to do so by applicable law):-

- (i) create and maintain a Register of Charges for the Chargor to the extent this has not already been done in accordance with Section 162 of the BVI Act;
- (ii) enter particulars as required by the BVI Act of the security interests created pursuant to this Deed in the Register of Charges and as soon as reasonably practicable after entry of such particulars has been made, provide the Security Trustee with a certified true copy of the updated Register of Charges; and
- (iii) effect registration, or assist the Security Trustee in effecting registration, of the charges created by this Deed with the Registrar of Corporate Affairs pursuant to Section 163 of the BVI Act by making the required filing, or assisting the Security Trustee in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Security Trustee that such filing has been made.

3.4.3 as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

3.5 *Further assurance*

3.5.1 The Chargor shall, at its own expense, take such action as the Security Trustee may require:

- (a) for the purpose of perfecting or protecting the Security Trustee 's rights under and preserving the Charges intended to be created or evidenced by this Deed or the priority of the Charges; and
- (b) following the occurrence of an Event of Default which is continuing, for the purpose of facilitating the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee, any Receiver or any Delegate,

including (i) procuring the amendment of the articles of association of the Company (in form and substance satisfactory to the Security Trustee) to remove any discretion that the directors of the Company may have to refuse registration of share transfers when presented with an executed instrument of transfer and (ii) the execution of any transfer, conveyance, charge, mortgage, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), the making of any registration, the obtaining of any legal advice and the giving of any notice, order or direction.

3.5.2 Without prejudice to Clause 3.5.1, the Chargor shall (and, if applicable, shall procure that its nominees will) at the request of the Security Trustee, immediately upon any transfer of any or all of the Charged Assets to the Security Trustee or its nominee or any purchaser in accordance with this Deed upon or after an enforcement in accordance with Clause 7 (*Enforcement*) of any of the Charges, procure the registration of such transfer in the books of the Company and the entry of the Security Trustee (as trustee for the Bondholders), such nominee or such purchaser (as the case may be) in the Register of Members of the Company as the holder of such Charged Assets.

3.6 ***Directors Resolution***

After the Charges have become enforceable, the Chargor shall procure that any transfer to or (to the extent that it is within its power as a shareholder of the Company) by the Security Trustee or its nominee or purchaser of any of the Charged Assets is duly approved by the board of directors of the Company and registered in the Register of Members of the Company (if necessary, by replacing the board of directors of the Company with directors nominated by the Security Trustee).

4. **CHARGED SHARES**

4.1 ***Voting and other rights***

Subject to Clause 4.3 (*Voting and other rights if the Charges become Enforceable*), the Chargor shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Share as it sees fit provided that:

- 4.1.1 it does so for a purpose not inconsistent with any Transaction Document; and
- 4.1.2 the exercise or failure to exercise those rights would not prejudice the interests of any Bondholder under any Transaction Document or the ability of the Security Trustee to realise the Security created under this Deed.

4.2 ***Variation of Rights, Further Issuance***

- 4.2.1 The Chargor shall not, without the prior written consent of the Security Trustee, by the exercise of any voting rights or otherwise, permit or agree:
 - (a) to any increase or reduction in the authorised or issued number of shares of or ownership interest in the Company (save as permitted under Clause 4.2.2);
 - (b) any variation of the rights attaching to or conferred by all or any part of the Charged Assets; or
 - (c) any amendment or variation of the memorandum and articles of association of the Company; or

- (d) any disposal by the Company of any asset or assets to any person other than a subsidiary of the Listco and on completion of which will result in the aggregate book value of assets disposed by it since the date of this Deed exceeding US\$100,000,000.

4.2.2 Paragraph (a) of Clause 4.2.1 does not apply to the allotment or issuance of shares of the Company if all of such shares are fully paid-up and immediately subject to the Charges hereunder upon the allotment or issuance of the same.

4.3 ***Voting and other rights if the Charges become Enforceable***

At any time following the occurrence of an Event of Default and so long as the Event of Default is continuing:

4.3.1 the Security Trustee or any Receiver shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Charged Asset as it sees fit;

4.3.2 the Chargor shall comply or procure the compliance with any directions of the Security Trustee or the Receiver in respect of the exercise of those rights and shall promptly execute and/or deliver to the Security Trustee or such Receiver such forms of proxy as it may require in connection with that exercise;

4.3.3 the Security Trustee shall be entitled to transfer all or any part of the Charged Assets into the name of the Security Trustee or such nominee(s) of the Security Trustee as it shall require; and

4.3.4 the Security Trustee shall be entitled to exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Assets, including without limitation the right, in relation to the Company whose shares, ownership interests or other securities are charged pursuant to this Deed, to concur or participate in:

- (i) the reconstruction, amalgamation, sale or other disposal of the Company or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, ownership interests or securities as a consequence thereof);
- (ii) the release, modification or variation of any rights or liabilities attaching to such shares, ownership interests or securities; and
- (iii) the exercise, renunciation or assignment of any right to subscribe for any shares, ownership interests or securities,

in each case in such manner and on such terms as the Security Trustee may think fit, and the proceeds of any such action shall form part of the Charged Assets.

4.4 ***Dividends***

4.4.1 Prior to and at any time following the occurrence of an Event of Default which is continuing, the Chargor shall hold any and all income in respect of any or all of the Charged Assets received or recovered by it on trust for the Security Trustee and pay the same immediately to the Security Trustee (as trustee for the Bondholders) or as it may direct. The Security Trustee (for and on behalf of the Lenders) shall be entitled to apply the same in such manner as it sees fit in discharge of the Secured Obligations.

4.4.2 Following the occurrence of an Event of Default which is continuing, the Chargor shall direct or procure its nominee to direct that any Dividends or other payments which it or its nominee as holder thereof may be entitled to receive in respect of any of the Charged Assets be paid to the Security Trustee for payment of the Secured Obligations in accordance with Clause 10 of this Deed.

4.5 ***Acquisition of Shares***

The Chargor shall promptly notify the Security Trustee of:

4.5.1 its acquisition of, or agreement to acquire, any Shares; and

4.5.2 the declaration, payment, allotment, offer or issue of any Dividend.

4.6 ***Communications***

The Chargor shall promptly upon request deliver to the Security Trustee a copy of every circular, notice, report, set of accounts or other documents received by it or its nominee in connection with any of the Charged Assets or in connection with or from the issuer of any of the Charged Assets.

4.7 ***Payment of calls etc.***

The Chargor will promptly pay or procure the payment of all calls, instalments or other payments which may at any time become due in respect of any of the Charged Assets. If the Chargor fails to make or procure such payment, the Security Trustee may make such payment on behalf of the Chargor and any sum so paid by the Security Trustee shall be reimbursed by the Chargor on demand.

4.8 ***Power of Attorney***

If any Charged Asset is not held in the Chargor's name other than as a result of the enforcement of the Charges, the Chargor shall promptly, at the request of the Security Trustee, deliver to the Security Trustee an irrevocable power of attorney, expressed to be given by way of security and executed as a deed by the person in whose name that Charged Asset is held. That power of attorney shall appoint the Security Trustee (as trustee for the Bondholders), every Receiver and every Delegate as the attorney of the

holder of that Charged Asset and shall be in such form as the Security Trustee reasonably requires.

5. GENERAL UNDERTAKINGS

5.1 *Authorisation*

The Chargor shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect (and supply certified copies to the Security Trustee of) any Authorisation required under any applicable law or regulation:

5.1.1 to enable him/her to perform his/her obligations under this Deed; and/or

5.1.2 to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Deed.

5.2 *Discharge other debts*

The Chargor shall punctually pay and discharge all debts and obligations in respect of the Charged Assets which by law have priority over the Charges.

5.3 *Depreciation of Charged Assets*

The Chargor shall not do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value of any of the Charged Assets.

5.4 *No deposit of Shares with any clearing house*

The Chargor shall not (and shall ensure that no other person will) deposit any Shares with any depositary, custodian, clearing house or system.

5.5 *Beneficial Ownership*

The Chargor shall except as permitted by Clause 3.2 (*Disposal*), at all times prior to the Release Date, remain the sole, absolute and beneficial owner of the Charged Assets and shall not grant or attempt 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.

5.6 *Information*

The Chargor shall give to the Security Trustee upon receipt copies of all notices, requests and other documents sent or received with respect to the Charged Assets and give to the Security Trustee such other information regarding the Charged Assets as the Security Trustee shall reasonably require.

5.7 *No alteration in composition of the board of directors*

The Chargor will procure that, prior to the Release Date, there shall be no change in the registered office or registered agent or administrator, no change to the Register of Members of the Company, and no appointment of any further director or officers of the Company, in each case, unless expressly permitted by this Deed, without the prior consent in writing of the Security Trustee (such consent not to be unreasonably withheld or delayed).

5.8 *No participation in voting concerning a members' liquidation or compromise*

The Chargor shall not without the prior written consent of the Security Trustee participate in any vote concerning a members' voluntary liquidation or compromise.

5.9 *No amendments to memorandum or articles of association*

The Chargor shall ensure that it shall not, without the prior written consent of the Security Trustee, use its voting rights to permit the Company to amend its memorandum or articles of association in a way which could be expected to adversely affect the interests of the Security Trustee or any of the Bondholders.

6. REPRESENTATIONS AND WARRANTIES

6.1 *Representations*

The Chargor:

6.1.1 represents and warrants to the Security Trustee that:

- (a) other than as specified in Clause 3.4 (*Perfection and registration*), and other than any court filings in the usual course of proceedings no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any governmental authority or agency in any relevant jurisdiction or of any creditors of the Chargor is required for or in connection with the execution, performance, validity, enforceability and admissibility in evidence in the proceedings of this Deed, or the carrying out by the Chargor of any of the transactions contemplated hereby;
- (b) the obligations of the Chargor under this Deed are direct, general, unconditional obligations of the Chargor and rank at least pari passu with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract; and

6.1.2 further represents and warrants to the Security Trustee that:

- (a) it is the sole legal and beneficial owner of the Charged Assets;
- (b) it has not created any Security in any of its rights, title, interest or benefits in the Charged Assets (other than by this Deed);

- (c) neither it nor any of its nominees has sold or otherwise disposed of the Charged Assets or agreed to do so;
- (d) prior to any transfer to the Security Trustee, it is the legal owner of the Charged Assets (except for Shares that are held by any person as nominee for the Chargor, as notified to the Security Trustee in writing prior to the date of this Deed);
- (e) prior to the Release Date, the Shares subject to the Charges hereunder constitute 100% of the entire issued shares of and ownership interest in the Company, and there is no outstanding agreement or commitment on the part of the Company or the Chargor to issue or allot (or procure the issuance or allotment of) any Shares to any person other than the Chargor;
- (f) the Shares have been validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;
- (g) the Shares are freely transferable on the books of the Company and no consents or approvals are required in order to register a transfer of the Shares;
- (h) the Shares are not issued with any preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, return of any amount paid on account of shares or otherwise which are not expressly set out in the memorandum and articles of association of the Company;
- (i) the Chargor has not received any notice of an adverse claim by any person in respect of the ownership of the Charged Assets or any interest in the Charged Assets;
- (j) as at the date of this Deed, the particulars of the shares of and ownership interest in the Company held by, to the order of or on behalf of the Chargor as set out in Schedule 2 (*Particulars of Shares*) are accurate in all respects and such shares constitute 100% of the issued shares of the Company; and
- (k) no Event of Default is continuing.

6.2 ***Repetition***

The Chargor represents and warrants to and undertakes with the Security Trustee that the foregoing representations and warranties will be true and accurate on and as of each day during the period commencing on the date hereof and ending on the date upon which all Secured Obligations have been satisfied in full with reference to the facts and circumstances on each such day.

7. ENFORCEMENT

7.1 *When enforceable*

The Charges shall be immediately enforceable following the occurrence of an Event of Default which is continuing and the Security Trustee may, without prior authorisation from any court in its discretion:

7.1.1 enforce all or any part of any Charges (at the times, in the manner and on the terms it thinks fit) and take possession and hold or dispose of all or any part of the Charged Assets; and

7.1.2 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions given to a Receiver under this Deed and/or otherwise conferred by law.

7.2 *No requirement of notice period*

Neither the Security Trustee nor any Receiver is required to give any prior notice of non-payment or default to the Chargor before enforcing any or all of the Charges, and there is no minimum period for which Secured Obligations must remain due and unpaid before the Charges can be enforced.

7.3 *No Liability as mortgagee in possession*

Neither the Security Trustee nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Assets or be liable for any loss upon realisation or for any neglect, default or omission in connection with all or any part of the Charged Assets to which a mortgagee in possession might otherwise be liable.

7.4 *Wide construction of enforcement powers*

The enforcement powers of the Security Trustee and any Receiver under this Deed shall be construed in the widest possible sense and all Parties intend that the Security Trustee and the Receiver shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law and/or the provisions of this Deed.

7.5 *Additional Power*

Without prejudice to the generality of the other provisions in this Deed, the Security Trustee may at any time after the occurrence of an Event of Default which is continuing to put into effect the documents delivered under Clauses 3.3.1 and 3.3.2 and appoint its own nominees as directors and officers and administrator of the Company.

7.6 *Sale of Charged Assets*

After the occurrence of an Event of Default which is continuing, each of the Security Trustee and any 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 Asset (or any relevant part thereof) may be sold (i) subject to any conditions which the Security Trustee or that Receiver may think fit to impose, (ii) to any person (including, without limitation, any person connected with the Chargor or the Security Trustee or any Bondholder) and (iii) at any price which the Security Trustee or that Receiver in its absolute discretion, considers to be the best obtainable in the circumstances taking into account the nature of the Company as a private company.

8. APPOINTMENT AND RIGHTS OF RECEIVERS

8.1 *Appointment of Receivers*

At any time after the occurrence of an Event of Default which is continuing, the Security Trustee may, by deed, or otherwise in writing signed by any officer or manager of the Security Trustee or any person authorised for this purpose by the Security Trustee, appoint one or more persons to be a Receiver of the Charged Assets and may from time to time fix his or their remunerations. The Security Trustee may similarly remove any Receiver so appointed and appoint any person as additional or replacement Receiver(s). If the Security Trustee appoints more than one person as Receiver, the Security Trustee may give those persons power to act either jointly or severally or jointly and severally.

8.2 *Powers and rights of Receivers*

8.2.1 Any Receiver appointed pursuant to this Clause 8 shall have, in relation to the Charged Assets in respect of which he is appointed:

- (a) the rights, powers, discretions, privileges and immunities conferred on mortgagors, mortgagees in possession and/or receivers by any applicable law;
- (b) the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do (including without limitation the right, in relation to the Company whose shares, ownership interests or other securities are charged pursuant to this Deed, to concur or participate in any of the matters specified in Clause 4.3.4, in each case in such manner and on such terms as such Receiver may think fit, and the proceeds of any such action shall form part of the Charged Assets);
- (c) the powers and rights conferred on the Security Trustee; and
- (d) the powers and rights set out in Schedule 1 (*Rights of Receivers*),

8.2.2 Each Receiver shall in the exercise of such Receiver's rights, powers, discretions, privileges and immunities conform to the directions and regulations from time to time given or made by the Security Trustee.

8.3 *Agent of Chargor*

Any Receiver shall be the agent of the Chargor for all purposes. The Chargor alone shall be responsible for each Receiver's contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by that Receiver.

8.4 *Remuneration*

The Security Trustee may determine the remuneration of any Receiver and any maximum rate specified in any applicable legislation shall (to the extent capable of being excluded) not apply. The Security Trustee may direct payment of that remuneration out of moneys such Receiver receives in its capacity as such. The Chargor alone shall be liable for the remuneration and all other costs, losses, liabilities and expenses of any Receiver.

8.5 *No liability for exercise of powers*

Neither the Security Trustee nor any Receiver shall be liable for any losses, involuntary or otherwise, which arise in the exercise by the Security Trustee or such Receiver of its powers under this Deed unless caused by its breach of the terms of this Deed, wilful default or gross negligence.

9. SECURITY TRUSTEE'S RIGHTS

9.1 *Same rights as Receiver*

Any rights conferred by any Transaction Document upon a Receiver may be exercised by the Security Trustee while the Charges are enforceable, whether or not the Security Trustee shall have taken possession or appointed a Receiver of any or all of the Charged Assets.

9.2 *Delegation*

Each of the Security Trustee and any Receiver may delegate in any manner to any person any rights exercisable by it under any Transaction Document. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Security Trustee or, as the case may be, such Receiver reasonably thinks fit.

9.3 *Terms of disposition*

In making any sale or other disposal of all or any part of the Charged Assets or any acquisition in the exercise of their respective powers (including without limitation a disposal by any Receiver or Delegate or the Security Trustee to any company formed pursuant to paragraph (c) (*Hive down*) of Schedule 1 (*Rights of Receivers*)), any

Receiver or Delegate or the Security Trustee may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by such Receiver or Delegate or the Security Trustee, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by any Receiver or Delegate or the Security Trustee may contain conditions excluding or restricting the personal liability of such Receiver or Delegate or the Security Trustee.

10. APPLICATION OF PROCEEDS

All monies received or recovered by the Security Trustee or any Delegate or any Receiver in exercise of their rights or otherwise under this Deed shall, subject to Clause 14.6 (*Appropriations*) and subject to the claims of any person having prior rights thereto and any mandatory provisions of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) where applicable, be applied in the following order of priority:-

- (a) in payment or satisfaction of all costs, charges, expenses and liabilities properly incurred and payments made by or on behalf of the Security Trustee, Receiver or Delegate in connection with the exercise of any powers hereunder and in preserving or attempting to preserve the Security created under this Deed;
- (b) in or towards reduction of the remaining Secured Obligations as the Security Trustee shall think fit (acting reasonably) subject however to the Security Trust Deed;

but so that if and for so long as the Chargor has any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to apply the same as mentioned above until all such liability is ascertained and due, and the same shall form part of the Charged Assets.

11. LIABILITY OF SECURITY TRUSTEE, RECEIVER AND DELEGATES

- 11.1 Neither the Security Trustee, any Receiver nor any Delegate shall (either by reason of taking possession of the Charged Assets or for any other reason) be liable to the Chargor, any Bondholder or any other person for any costs, losses, liabilities or expenses relating to the realisation of any Charged Assets or from any act, default, omission or misconduct of the Security Trustee, any Receiver, any Delegate or their respective officers, employees or agents in relation to any or all of the Charged Assets or in connection with any or all of the Transaction Documents.

- 11.2 Nothing in this Deed shall be construed as placing on the Security Trustee 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 in respect of any of the Charged Assets or such calls, instalments or payments, and the Chargor shall indemnify the Security Trustee upon demand in respect of all calls, instalments or other payments relating to any of the Charged Assets and/or to any rights, shares and other securities accruing, offered or arising in respect of the Charged Assets or such calls, instalments or payments in respect of any of such Charged Assets.

12. POWER OF ATTORNEY

12.1 *Appointment*

The Chargor by way of security irrevocably (within the meaning of Section 4 of the Powers of Attorney Ordinance (Cap. 31)) appoints the Security Trustee, every Receiver and every Delegate severally as its attorney (with full power of substitution), on its behalf and in its name or otherwise, at such time and in such manner as the attorney thinks fit:

12.1.1 to do anything which the Chargor is obliged to do (but has not done) under this Deed (including to execute charges over, transfers, conveyances, assignments and assurances of, and other deeds, instruments, notices, orders and directions relating to, the Charged Assets or any part thereof); and

12.1.2 to exercise any of the rights conferred on the Security Trustee, any Receiver or any Delegate in relation to the Charged Assets (or any part thereof) or under this Deed and/or applicable laws and regulations (including without limitation, any right of a legal or beneficial owner of the Charged Assets).

12.2 *Ratification*

The Chargor ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall lawfully do in the exercise or purported exercise of the power of attorney granted by it in Clause 12.1 (*Appointment*).

12.3 *Termination*

This power of attorney created pursuant to this Clause 12 shall terminate when the Secured Obligations have been fully repaid.

13. PROTECTION OF THIRD PARTIES

13.1 *No duty to enquire*

No person dealing with the Security Trustee, any other Bondholder, any Receiver or any Delegate shall be concerned to enquire:

- 13.1.1 whether the power or rights conferred by or pursuant to any Transaction Document are exercisable;
- 13.1.2 whether any consents, regulations, restrictions or directions relating to such powers or rights have been obtained or complied with;
- 13.1.3 otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers or rights; or
- 13.1.4 as to the application of any money borrowed or raised or of any proceeds of any disposition or realisation.

13.2 *Protection to purchasers*

- 13.2.1 The receipt of the Security Trustee or any Receiver or Delegate shall be conclusive discharge to a purchaser of the Charged Assets (or any part thereof) from the Security Trustee or such Receiver or Delegate.
- 13.2.2 No purchaser or other person dealing with the Security Trustee, any Receiver or any Delegate shall be bound to inquire whether the right of the Security Trustee, such Receiver or such Delegate to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Trustee, such Receiver or such Delegate in such dealings.

14. SAVING PROVISIONS

14.1 *Continuing Security*

Subject to Clause 15 (*Discharge of Security*), the Charges are continuing Security and will extend to the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

14.2 *Reinstatement*

If any payment by or recovery from the Chargor or any discharge or release given by a Bondholder (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) under or in connection with any Transaction Document is avoided or reduced for any reason including, without limitation, as a result of insolvency, breach of fiduciary or statutory duties or any similar event:

- 14.2.1 the liabilities of the Chargor hereunder and the Charges shall continue as if such payment, recovery, discharge or release had not occurred; and
- 14.2.2 each Bondholder shall be entitled to recover the value or amount of that payment or recovery from the Chargor and any and all Charges hereunder, as if such payment, recovery, discharge or release had not occurred.

14.3 *Cumulative rights*

The security created by or pursuant to this Deed, and the rights, powers and remedies of the Security Trustee provided by or pursuant to this Deed, shall be cumulative, in addition to and independent of every other security which the Security Trustee or any other Bondholder may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law. No prior security held by the Security Trustee (whether in its capacity as trustee or otherwise) or any other Bondholder over the whole or any part of the Charged Assets shall merge into the security constituted by this Deed.

14.4 *Waiver of defences*

Neither the obligations of the Chargor under this Deed nor the Charges will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under any Transaction Document or any of the Charges (without limitation and whether or not known to it or any of the Bondholders) including:

- 14.4.1 any time, waiver or consent granted to, or composition with, the Chargor, any other Obligor or any other person;
- 14.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any such Obligor or other person;
- 14.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or security over assets of, the Chargor, any other Obligor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 14.4.4 any incapacity or lack of power, authority or legal personality of the Chargor, any other Obligor or any other person or dissolution or change in the members or status or constitution of the Chargor, any other Obligor or any other person;
- 14.4.5 any amendment (however fundamental) or replacement of a Transaction Document or any other document or security;
- 14.4.6 any variation of the terms of the trust upon which the Security Trustee holds the security constituted by this Deed;
- 14.4.7 any unenforceability, illegality or invalidity of any obligation of any person under any Transaction Document or any other document or security;
- 14.4.8 any insolvency or similar proceedings;

14.4.9 this Deed or any other Transaction Document not being validly executed by or binding against any party; or

14.4.10 any other Security, guarantee or indemnity now or thereafter, held by the Security Trustee or any other person in respect of the Secured Obligations or any other liabilities.

14.5 ***Immediate recourse***

The Chargor waives any right it may have of first requiring the Security Trustee or any Bondholder to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of any Transaction Document to the contrary.

14.6 ***Appropriations***

Until all the Secured Obligations have been irrevocably paid in full and no further Secured Obligations may become outstanding, the Security Trustee or each Bondholder may, whether any of the Secured Obligations is overdue:

14.6.1 refrain from applying or enforcing any other moneys, security or rights held, received or recovered by that Bondholder (or any trustee or agent on its behalf), or apply and enforce the same in such manner and order as it sees fit (save as otherwise expressly provided in this Deed) and the Chargor shall not be entitled to the benefit of the same; and/or

14.6.2 hold in a suspense account any moneys received or recovered from the Chargor or on account of any Charged Asset or the Chargor's liability under this Deed (pending application of the same from time to time in accordance with the provisions of this Deed).

14.7 ***Deferral of Chargor's rights***

Until all the Secured Obligations have been irrevocably paid in full and no further Secured Obligations may become outstanding and unless the Security Trustee otherwise directs, the Chargor shall not:

14.7.1 exercise any rights which it may have by reason of the performance by it of its obligations under the Transaction Documents:

(a) to be indemnified by any person;

(b) to claim any contribution from any other Obligor or any guarantor of any Obligor's obligations under any or all of the Transaction Documents; and/or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee, the Bondholders under the Transaction Documents or of any guarantee

or other security taken pursuant to, or in connection with, any or all of the Transaction Documents by any Bondholder; or

14.7.2 accept or permit to subsist any security from any Obligor or any other person in respect of any rights the Chargor may have arising out of this Deed. Notwithstanding the foregoing, if any such security shall be accepted or subsisting, the Chargor acknowledges that its rights under such Security shall be held on trust for the Security Trustee (as trustee for the Bondholders).

14.8 *Additional Security*

The Charges are in addition to and are not in any way prejudiced by any other guarantees or security now or subsequently held by the Security Trustee and any Bondholder from time to time.

14.9 *Subsequent Security*

If the Security Trustee or any Bondholder (or any trustee or agent on its behalf) at any time receives or is deemed to have received notice of any subsequent security affecting all or any part of the Charged Assets or any assignment, transfer or disposition of all or any part of the Charged Assets which is prohibited by the terms of any Transaction Document, all payments thereafter by or on behalf of the Chargor to the Security Trustee or any Bondholder (or any trustee or agent on its behalf) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations as at the time when the first-mentioned Bondholder (or any trustee or agent on its behalf) received such notice.

14.10 *Tacking*

Each Bondholder shall comply with its obligations under the Transaction Documents.

15. **DISCHARGE OF SECURITY**

15.1 *Final redemption*

15.1.1 Subject to Clauses 14.2 (*Reinstatement*) and 15.2 (*Retention of security*), if the Security Trustee is satisfied that all the Secured Obligations have been irrevocably paid in full and that no further Secured Obligations may become outstanding, the Security Trustee shall promptly at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charges (except to the extent already disposed of or enforced against in accordance with this Deed).

15.1.2 Any release, reassignment or discharge by the Security Trustee pursuant to this Clause 15.1 shall, in each case, be without recourse to, or any representation or warranty by, the Security Trustee or any other Bondholder or any of their respective nominees.

15.1.3 For those Charged Assets which have been transferred and registered under the name of the Security Trustee (as trustee for the Bondholders) or its nominee, the Security Trustee shall only be obliged to return the share certificate(s) then representing the Charged Assets not yet disposed of or realised by the Security Trustee pursuant to its powers under this Deed (but not the original share certificates originally delivered to the Security Trustee by the Chargor) with the instruments of transfer duly executed in favour of the Chargor or such other person as the Chargor may direct.

15.2 *Retention of security*

If the Security Trustee considers that any amount paid or credited to or recovered by any Bondholder under any Transaction Document is capable of being avoided or otherwise set aside on the winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

15.3 *Consolidation*

Any restrictions on the consolidation of Security shall be excluded to the fullest extent permitted by law and the Security Trustee shall, so far as it is lawful and subject to other provisions of this Deed, be entitled to consolidate all or any of the Charges with any other Security whether in existence on the date of this Deed or in the future from time to time.

16. **PAYMENTS**

All payments by the Chargor under this Deed (including damages for its breach) shall be made to such account, with such financial institution and in such other manner as the Security Trustee may direct.

17. **SEPARATE AND INDEPENDENT OBLIGATIONS**

The Security created by the Chargor by or in connection with any Transaction Document is separate from and independent of the Security created or intended to be created by any other Obligor by or in connection with any Transaction Document.

18. **CONDUCT OF BUSINESS BY THE SECURITY TRUSTEE**

No provision of this Deed will:

18.1.1 interfere with the right of any Bondholder to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

18.1.2 oblige any Bondholder to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

18.1.3 oblige any Bondholder to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

19. OTHER INDEMNITIES

19.1 *General indemnity*

The Chargor will, within five (5) Business Days of demand, pay all costs, losses, expenses and liabilities (including any stamp duty, registration or other similar taxes) lawfully incurred by the Security Trustee or by any Receiver in connection with the Charge. This includes any costs and expenses relating to the enforcement or preservation of the Charge or the Charged Assets and to any amendment, waiver, consent or release required in connection with the Charge.

19.2 *Indemnities separate*

Each indemnity in this Deed shall:

19.2.1 constitute a separate and independent obligation from the other obligations in this Deed or any other Transaction Document;

19.2.2 give rise to a separate and independent cause of action;

19.2.3 apply irrespective of any indulgence granted by the Security Trustee or any Bondholder;

19.2.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligations or any other judgment or order; and

19.2.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to any Bondholder or the Security Trustee.

20. ASSIGNMENTS AND TRANSFERS

20.1 *No Assignments or Transfers by the Chargor*

The Chargor may not assign or transfer any or all of its rights and/or obligations under this Deed.

20.2 *Assignment and Transfer by Security Trustee*

The Security Trustee may assign and/or transfer all or any of its rights and/or obligations under this Deed without the prior written consent of the Chargor. Where the assignee is a successor of the Security Trustee, upon such assignment and transfer taking effect, the assignee shall be and be deemed to be acting as security trustee for the Bondholders for the purposes of this Deed and in place of the Security Trustee.

20.3 *Assignment by Bondholders*

Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred its Bonds in accordance with the terms of that Bond Instrument.

21. RIGHTS, AMENDMENTS, NOTICE, WAIVERS AND DETERMINATIONS

21.1 *Ambiguity*

Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail (to the maximum extent permitted by law).

21.2 *Amendments and waivers*

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Security Trustee.

21.3 *Notice*

Any notice, claim, or demand in connection with this Deed shall be in writing (each a "Notice"), and shall be delivered or sent to the recipient at its fax number, or address listed below, or any other fax number or address notified to the sender by the recipient for the purposes of this Deed:

To the Chargor:

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	The Board of Directors

To the Security Trustee:

Name	Cheer Hope Holdings Limited (展望控股有限公司)
Address	12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Fax	(852) 2140 6088
Attention	Rosche Yam / Carol Fan / Jason Xu

Any notice shall be deemed to have been served: (a) if served by hand, when delivered and proof of delivery is obtained by the delivery party, (b) if served by overnight courier, on the next Business Day, or (c) if sent by facsimile, when despatched subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 5:00 p.m. on any day shall be deemed to have been received at 9:00 a.m. on the next Business Day. Any notice received on a Sunday or public holiday shall be deemed to be received on the next Business Day.

21.4 *Counterparts*

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

22. GOVERNING LAW

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

23. JURISDICTION

23.1 *Jurisdiction of Hong Kong courts*

23.1.1 The courts of Hong Kong have non-exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**").

23.1.2 The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party will argue to the contrary.

23.2 *Process Agent*

Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

23.2.1 irrevocably appoints the Listco of Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Deed and undertakes to have a party having a Hong Kong address to act as such agent and to promptly inform the Security Trustee in writing of any change in the party acting as such agent or change in the Hong Kong address of such agent; and

23.2.2 agrees that failure by a process agent to notify the Chargor of the process will not invalidate the proceedings concerned.

23.3 *Waiver of Immunity*

The Chargor waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

24.3.1 the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues (or any part thereof); and

24.3.2 the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenue (or any part thereof).

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.

SCHEDULE 1
RIGHTS OF RECEIVERS

Any Receiver appointed pursuant to Clause 8 (*Appointment and Rights of Receivers*) shall have the right, either in his own name or in the name of the Chargor (notwithstanding any dissolution or winding-up of the Chargor) or otherwise and in such manner and upon such terms and conditions as the Receiver thinks fit, and either alone or jointly with any other person:

(a) **Take possession**

to take possession of the Charged Assets, and to require payment to it of all Dividends including without limitation, to complete any instruments of transfer and to procure the transfer of the Charged Assets into the name of the Security Trustee (as trustee for the Bondholders) or its nominee and, if necessary, take possession of and collect the share certificates and/or other documents of title relating to the Charged Assets, in each case, at the cost and risk of the Chargor;

(b) **Deal with Charged Assets**

to sell, transfer, assign, exchange or otherwise dispose of or realise the Charged Assets to any person (including a new company formed pursuant to paragraph (c) (*Hive down*)) either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments spread over a period or deferred);

(c) **Hive down**

to form a new company and to subscribe for or acquire (for cash or otherwise) any investment in or of the new company and to sell, transfer, assign, exchange and otherwise dispose of or realise any such investments or part thereof or any rights attaching thereto;

(d) **Borrow money**

to borrow or raise money either unsecured or on the security of the Charged Assets (either in priority to the Charges or otherwise);

(e) **Rights of ownership**

to exercise and do (or permit the Chargor or any nominee of it to exercise and do) all such rights and things as the Receiver would be capable of exercising or doing if it were the absolute legal or beneficial owner of the Charged Assets (including without limitation the exercise of any or all of the voting rights in respect of the Charged Assets and the right to receive Dividends);

(f) **Covenants and guarantees**

to enter into bonds, covenants, guarantees, indemnities and other commitments and to make all payments needed to effect, maintain or satisfy them and to use the company seal of the Chargor;

(g) **Claims**

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person relating to the Charged Assets;

(h) **Legal actions**

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Charged Assets and in addition to take or defend proceedings for the compulsory winding-up of the Chargor and proceedings for directions under Section 255 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);

(i) **Redemption of Security**

to redeem any Security (whether or not having priority to the Charges) over the Charged Assets and to settle the accounts of any person with an interest in the Charged Assets;

(j) **Spend money**

in the exercise of any of the above powers, to spend such sums as he may properly think fit and the Chargor shall forthwith on demand repay to the Security Trustee or the Receiver (as the case may be) all sums so spent together with interest on those sums at such rates as the Security Trustee may from time to time properly determine from the time they are paid or incurred and until repayment those sums (together with such interest) shall be secured by the Charges;

(k) **Acquisitions**

to purchase, lease, hire or otherwise acquire any assets or rights of any description which he shall in his absolute discretion consider necessary or desirable for the improvement or realisation of the whole or any part of the Charged Assets or otherwise for the benefit of the whole or any part of the Charged Assets;

(l) **Receipts**

to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising any Charged Asset;

(m) **Delegation**

to delegate his powers in accordance with Clause 9.2 (*Delegation*);

(n) **Appointment and Removal of Directors**

to complete, date and put into effect any stock transfer form or instrument of transfer delivered in relation to the Charged Assets or any part thereof pursuant to Clause 3 (*Restrictions and Further Assurance*), any letter of resignation, any undated resolution(s) of the board of directors of the Company and/or any other document(s) delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) and to exercise all powers of appointment and/or removal of the directors of the Company attaching to the Charged Assets or any part thereof; and

(o) **Other powers**

to do anything else he may think fit for the realisation of the Charged Assets or incidental to the exercise of any of the rights conferred on the Security Trustee or any Receiver under or by virtue of any Transaction Document to which the Chargor is party and/or applicable statutory provisions and common law.

SCHEDULE 2
PARTICULARS OF SHARES

<u>Registered Owner</u>	<u>Shares</u> _____ (type, <u>number</u>)
The Chargor	10,000 Shares

SCHEDULE 3
FORM OF ACKNOWLEDGMENT FROM NOMINEE

To: Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee (as defined in the Share Charge referred to below, which expression shall include its and any subsequent successors, assigns and transferees)

Dear Sirs,

At the request of Max Access Limited (the "**Chargor**"), I/we hereby:

1. warrant and confirm that I am/we are the registered holder(s) of [*insert number and description of relevant Charged Assets*] (the "**Share[s]**") and am/are holding the Share[s] as nominee for and on behalf of the Chargor;
2. acknowledge that the Chargor has, pursuant to a share charge (as amended from time to time, the "**Share Charge**") dated [] between inter alia, the Chargor and Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee, charged the Share[s] in favour of you as security upon the terms and conditions specified therein;
3. undertake that I/we shall, upon and at all times after notification by you to us that the security constituted by the Share Charge has become enforceable, hold the Share[s] on trust for you (or any other person whom you may nominate);
4. undertake that I/we shall, upon being requested by you to do so, transfer the legal title in the Share[s] to you (or any other person whom you may nominate) and do all acts and execute all documents as may be necessary and/or as you may require for such purpose; and
5. irrevocably and unconditionally appoint each of you, any Receiver (as defined in the Share Charge) and any Delegate (as defined in the Share Charge) severally to be my/our attorney on the terms of Clause 12 (*Power of Attorney*) of the Share Charge (*mutatis mutandis*) as if I was/we were the Chargor, and undertake to execute such further powers of attorney in such form as you may reasonably require from time to time.

Dated:

[in the case where the relevant nominee is a company incorporated in Hong Kong or a company incorporated outside Hong Kong which has a company seal]

THE COMMON SEAL of)
[*name of relevant nominee*])
was hereunto affixed)
in the presence of)

[in the case where the relevant nominee is a company outside Hong Kong which does not have any company seal]

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant authorised signatory*])
for and on behalf of)
[*name of relevant nominee*])
in the presence of)

L.S.

Witness:

[in the case where the relevant nominee is an individual]

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant nominee*])
in the presence of)

L.S.

Witness:

SCHEDULE 4

FORM OF LETTER OF RESIGNATION OF THE DIRECTORS OF THE COMPANY

To: The Board of Directors
China Smarter Energy Investment Limited 中國智慧能源投資有限公司 (the
"Company")
[insert address of registered office of the Company]

Date: [to be left blank]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and
2. there is no outstanding agreement or arrangement with the Company under which the Company has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[name of director])
in the presence of)

(L.S.)

Witness:

SCHEDULE 5

FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee (as defined in the Share Charge referred to below, which expression shall include its and any subsequent successors, assigns and transferees)

Dear Sirs,

Share Charge dated [] between Max Access Limited as chargor and Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee (as amended from time to time, the "Share Charge") in respect of, among other things, the shares in China Smarter Energy Investment Limited 中國智慧能源投資有限公司 (the "Company")

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of the Company, that any or all of the shares in the Company which are charged to the Security Trustee pursuant to the Share Charge shall upon your request be promptly registered in the name of the Security Trustee or (at the request of the Security Trustee) any person(s) whom the Security Trustee may nominate; and
2. authorise each of the Security Trustee and any other person(s) authorised by the Security Trustee severally to complete, date and put into effect:
 - (a) any letter of resignation signed by me and delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) of the Share Charge;
 - (b) any written resolutions of the board of directors of the Company signed by me delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) of the Share Charge; and
 - (c) any other document signed by me and delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) of the Share Charge,

at any time after the security constituted by the Share Charge shall have become enforceable in accordance with its terms.

Dated:

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant director*])
in the presence of)
Witness:

L.S.

SCHEDULE 6
FORM OF WRITTEN RESOLUTIONS

China Smarter Energy Investment Limited 中國智慧能源投資有限公司
(the "Company")

WRITTEN RESOLUTIONS OF
THE BOARD OF DIRECTORS OF THE COMPANY

Dated: *[to be left blank]*

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the Register of Members of the Company in respect of the relevant share(s) so transferred and that new share certificates in respect of such share(s) be issued forthwith to such transferee in accordance with the Articles of Association of the Company and for this purpose any director of the Company be authorised to sign such new share certificates for and on behalf of the Company and the common seal of the Company be affixed thereto:

[to be left blank]

2. each of the following persons be appointed as a director of the Company with immediate effect:

[to be left blank]

3. the resignation of the following person(s) as director(s) of the Company be accepted with immediate effect:

[to be left blank]

[This document may be signed in different counterparts.]

[all the directors of the Company to state their names and sign in different counterparts]

SCHEDULE 7
INSTRUMENT OF TRANSFER AND BOUGHT AND SOLD NOTES

INSTRUMENT OF TRANSFER

China Smarter Energy Investment Limited 中國智慧能源投資有限公司
incorporated in Hong Kong
(the "**Company**")

Pursuant to a share charge dated [•] 2015 in respect of all the issued shares of the Company executed by Max Access Limited (as Chargor) in favour of Cheer Hope Holdings Limited (展 望 控 股 有 限 公 司) (as Security Trustee), [*] (as Transferor) hereby sells, assigns and transfers to

_____ (Name in full and nationality of Transferee)

of _____ (address)

_____ shares par value _____ each of the Company.

Dated this _____ day of _____ .

In the presence of:

For and on behalf of
Max Access Limited
(Transferor)

(Witness)

In the presence of:

For and on behalf of
(Transferee)

(Witness)

BOUGHT AND SOLD NOTES

Sold Note

Name of Purchaser (Transferee): _____

Address: _____

Name of the Company in which
the Shares are to be transferred: China Smarter Energy Investment Limited 中國智慧能源投資有限
公司 Number of Shares: _____ Shares of _____ each

Consideration: _____

Signed by:
Max Access Limited

Dated:

.....
Bought Note

Name of Seller (Transferor): Max Access Limited

Address:

Occupation:

Name of the Company in which
the Shares are to be transferred: China Smarter Energy Investment Limited 中國智慧能源投資有限
公司

Number of Shares: _____ Shares of _____ each

Consideration: _____

Signed by:
[The Transferee]

Dated:

SCHEDULE 8

FORM OF IRREVOCABLE APPOINTMENT OF PROXY AND POWER OF ATTORNEY

We, Max Access Limited, hereby irrevocably appoint [*] as our:

1. proxy to vote at meetings of the Shareholders of China Smarter Energy Investment Limited 中國智慧能源投資有限公司(the "**Company**") in respect of any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name; and
2. duly authorised representative and duly appointed attorney-in-fact to sign resolutions in writing of the Company in respect of any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name.

This proxy and this power of attorney are irrevocable by reason of being coupled with the interest of [*] as chargee of the aforesaid shares.

IN WITNESS whereof this instrument has been duly executed as a deed this [] day of 2015.

THE COMMON SEAL of)	_____
Max Access Limited)	Duly Authorised Signatory
was hereunto affixed and signed by)	
)	Name: _____
)	
)	Title: _____
)	

SIGNATURE PAGE

CHARGOR

THE COMMON SEAL of)
Max Access Limited)
was hereunto affixed and)
signed for and on its behalf by)

in the presence of

Witness

SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
Cheer Hope Holdings Limited)
(展望控股有限公司))

Dated _____ **2015**

SURPLUS BASIC LIMITED

(as Chargor)

in favour of

CHEER HOPE HOLDINGS LIMITED (展望控股有限公司)

(as Security Trustee)

SHARE CHARGE

REED SMITH RICHARDS BUTLER

20th Floor

Alexandra House

18 Chater Road, Central

Hong Kong

Ref: DHO/AOKN/370863.00007

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THIS DEED is made on

2015 between:

- (1) **Surplus Basic Limited** (the "**Chargor**") a company incorporated under the laws of the British Virgin Islands with limited liability and having its registered office at Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands; and
- (2) **Cheer Hope Holdings Limited** (展望控股有限公司), a company incorporated in the British Virgin Islands and whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands with principal place of business in Hong Kong situated at 12/F CCB Tower, 3 Connaught Road Central, Central, Hong Kong, acting on its own behalf and as security trustee for and on behalf of the other Beneficiaries (in such capacity, the "**Security Trustee**", which definition includes any successors, assignees and transferees).

WHEREAS:-

- (A) The Chargor is entering into this Deed in connection with the Transaction Documents.
- (B) The Security Trustee holds the benefit of this Deed on trust for itself and the other Beneficiaries on the terms of the Security Trust Deed entered into simultaneously with the execution of this Deed by the Security Trustee, Taiping Trustees Limited (太平信託有限公司), Zhongtai Financial Investment Limited (中泰金融投資有限公司), Cheer Hope Holdings Limited (展望控股有限公司), Haitong International Financial Products Limited (海通國際金融產品有限公司) the Listco, Max Access Limited, Rising Group International Limited and the Chargor (the "**Security Trust Deed**").

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 *Defined Terms*

In this Deed, unless a contrary indication appears or the context otherwise requires, terms used shall have the meanings given to them in the Bond Instrument and in addition:

"**Beneficiaries**" has the meaning given to it in the Security Trust Deed.

"**Bond Instrument**" means the instrument dated [*] 2015 issued by the Listco constituting the Bonds as such instrument may be amended, supplemented and/or varied from time to time.

"**BVI**" means the British Virgin Islands.

"**BVI Act**" means the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands.

"**Charged Assets**" means, in respect of the Chargor, the Shares, the Dividends and the assets of the Chargor from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"**Charges**" means all or any of the Security created or expressed to be created by or pursuant to this Deed.

"**Company**" means Rander International Limited 華特國際有限公司, a BVI Business Company incorporated under the laws of the British Virgin Islands with limited liability whose registered office is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

this "**Deed**" means this Share Charge.

"**Delegate**" means a delegate or sub-delegate appointed under Clause 9.2 (*Delegation*).

"**Dividends**" means all present and future:

- (a) dividends and distributions of any kind and any other sum received or receivable in respect of any Share or any other asset referred to in this definition;
- (b) rights, shares, money or other assets accruing or offered by way of redemption, bonus, option or otherwise in respect of any Share or any other asset referred to in this definition;
- (c) allotments, offers and rights accruing or offered in respect of any Share or any other asset referred to in this definition; and
- (d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, any Share or any other asset referred to in this definition.

"**Event of Default**" has the meaning ascribed to it under the Bond Instrument;

"**Insolvency Act**" means the Insolvency Act, 2003 (as amended) of the British Virgin Islands.

"**Instrument of Transfer**" means the instrument of transfer substantially in the form set out in Schedule 7 (*Instrument of Transfer*).

"**Listco**" means China Smarter Energy Group Holdings Limited.

"**Obligors**" means the Listco, the Chargor and any other party to the Security Documents (other than the security trustee and the Bondholders), and each an "Obligor".

"**Party**" means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

"Receiver" means a receiver and/or manager or other receiver appointed in respect of any or all of the Charged Assets pursuant to this Deed.

"Release Date" means the date upon which the Charged Assets are to be released pursuant to Clause 15.1 (*Final redemption*).

"Register of Charges" means the register of charges of the Chargor maintained by the Chargor in accordance with section 162 of the BVI Act.

"Registrar of Corporate Affairs" means the Registrar of Corporate Affairs of the British Virgin Islands appointed under Section 229 of the BVI Act.

"Register of Members" means the register of members of the Company maintained by the Company in accordance with section 41 of the BVI Act.

"Secured Obligations" means any and all moneys, liabilities and obligations (whether actual or contingent, whether as principal, surety or otherwise, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are or may become payable by the Listco to the Beneficiaries under or pursuant to the Transaction Documents and/or all other obligations hereby secured including, all legal and other costs, charges and expenses which any of the Bondholders or the Security Trustee or any Receiver may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, debts and liabilities.

"Shares" means:

- (a) all present and future shares (of each class) in and/or ownership interests of the Chargor from time to time in the Company (including without limitation those set out in Schedule 2 (*Particulars of Shares*));
- (b) all warrants, options or other rights to subscribe for, purchase or otherwise acquire any shares (of any class) of or ownership interests of the Chargor from time to time in the Company; and
- (c) all rights of the Chargor from time to time relating to any of those shares which are deposited with, or registered in the name of, any depository, custodian, nominee or other similar person (including rights against any such person).

1.2 **Construction**

In this Deed, unless the context otherwise requires, Clause 1 (Definitions) of the Bond Instrument shall be deemed incorporated in this Deed *mutatis mutandis* as if set out separately in this Deed.

1.3 *Trust*

All rights, benefits, interests, powers and discretions granted to or conferred on the Security Trustee pursuant to this Deed shall be held by the Security Trustee on trust for the benefit of itself as Security Trustee and each Bondholder from time to time. The Security Trustee may do all acts within its powers to administer and manage the trust constituted by this Clause including any full or partial release by deed of the rights, benefits and interests conferred by Clause 2.1 (*Charge*) or the release of all or any part of the Charges from this Deed. The trust constituted by this Clause shall come into existence on the date of this Deed and shall last for so long as any of the Secured Obligations remain outstanding provided that for the purposes of the rule against perpetuities, the perpetuity period applicable to the trust and any dispositions made or to be made pursuant to this Deed and this trust, is hereby specified as a period of eighty (80) years less one (1) day from the date of this Deed.

2. SECURITY

2.1 *Charge*

The Chargor, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all Secured Obligations:

2.1.1 charges in favour of the Security Trustee (as trustee for the Bondholders) by way of first fixed charge all its rights, title and interest present and future in and to the Shares and Dividends except to the extent that such rights are subject to a valid and effective assignment by way of fixed security with first ranking priority under Clause 2.1.2; and

2.1.2 assigns by way of fixed security with first ranking priority, and agrees to assign by way of first fixed security absolutely to the Security Trustee (as trustee for the Bondholders), all its rights (including those rights it may have against a nominee), present and future, relating to any of the Shares and/or Dividends, including without limitation:

- (a) its rights relating to or against any depositary, nominee or similar person with whom any of the Shares and/or Dividends may be deposited to the extent of those Shares and/or Dividends;
- (b) rights it may have against any person to require delivery to it of any of the Shares and/or Dividends;
- (c) rights (contractually or otherwise) to give instructions relating to any of the Shares and/or Dividends; and
- (d) all claims for damages and rights to receive moneys due or to become due for any reason whatsoever in respect of any of the Shares and/or Dividends,

including those rights it may have against a nominee or a delegate.

2.2 *Share Certificates etc.*

In respect of each of the Shares and Dividends (that are in the form of shares and/or securities) held by, to the order of or on behalf of the Chargor on the date of this Deed, the Chargor shall forthwith upon execution of this Deed deliver to the Security Trustee (as trustee for the Bondholders) all certificate(s) (if any, or if none, promptly upon the same being issued) representing such Share or Dividend.

2.3 *Further security*

The Chargor shall, promptly upon the Security Trustee so requiring by notice to it, execute and deliver (or procure the execution and delivery of the same) to the Security Trustee such other Security (in such form as the Security Trustee shall require and, to the extent possible, on terms substantially similar to this Deed) in favour of the Security Trustee (as trustee for the Bondholders) as the Security Trustee may require from time to time in order to:-

- (a) ensure that it has an effective first ranking fixed charge over the Charged Assets; and
- (b) facilitate the enforcement of the Charges, the realisation of the Charged Assets or the exercise of any rights held by the Security Trustee or any Receiver under or in connection with the Charges.

2.4 *Retention of documents*

The Security Trustee shall be entitled to continue to hold any document delivered to it pursuant to Clause 3.3 (*Delivery of documents*) until the Release Date and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall immediately comply with that requirement or procure that it is complied with.

2A. **COVENANT TO PAY**

- 2A.1 The Chargor irrevocable and unconditionally guarantees and covenants to pay, as a primary obligor and not merely as a surety, for the benefit of the Security Trustee (as trustee for the Beneficiaries), by way of an independent payment obligation, the Secured Obligations when due.

3. **RESTRICTIONS AND FURTHER ASSURANCE**

3.1 *Security*

The Chargor shall not, prior to the Release Date, create or permit to subsist any Security over the Charged Assets unless such Security is created with the prior written consent of the Security Trustee (acting on the authorisation of a Special

Resolution).

3.2 ***Disposal***

The Chargor shall not (nor shall the Chargor agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary), prior to the Release Date, to sell, lease, withdraw, transfer or otherwise dispose of the Charged Assets.

3.3 ***Delivery of documents***

In addition to the requirements under Clause 2.2 (*Share certificates etc*):

3.3.1 the Chargor shall promptly deliver or procure that there shall be delivered to the Security Trustee the following documents (in a form and substance satisfactory to the Security Trustee acting reasonably) (i) in respect of the Charged Assets in existence on the date of this Deed upon execution of this Deed and (ii) in respect of any Charged Asset coming into existence or acquired by the Chargor after the date of this Deed upon such coming into existence or acquisition, all of which documents may be held by the Security Trustee until all of the Charges are released:

- (a) (in the case where such Charged Assets are Shares in the Company) valid and duly issued share certificates in respect of such Charged Assets or (in any other case) documents of title in respect of such Charged Assets;
- (b) a certified copy of the Register of Members of the Company;
- (c) duly executed Instrument of Transfer in respect of the Shares but with the date and name of the transferee left blank;
- (d) (in respect of any Share that is held by or registered in the name of any person other than the Chargor) (if applicable) an acknowledgment duly executed by such person in substantially the form as set out in Schedule 3 (*Form of Acknowledgment from Nominee*) in respect of such Charged Asset; and
- (e) all other documents necessary or conducive to enable the Security Trustee (as trustee for the Bondholders) to register such Charged Assets in its name or in the name of its nominees;

3.3.2 the Chargor shall promptly deliver or procure that there shall be delivered to the Security Trustee the following documents upon execution of this Deed:

- (a) an undated letter of resignation duly executed by each director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation of the Directors of the Company*);

- (b) a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 5 (*Form of Letter of Undertaking and Authorisation*);
- (c) undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company in substantially the form set out in Schedule 6 (*Form of Written Resolutions*);
- (d) an executed irrevocable proxy and power of attorney made in respect of the Shares in favour of the Security Trustee in respect of all general meetings and written resolutions of the Company respectively in the form set out in Schedule 8 (*Form of Irrevocable Proxy and Power of Attorney*);
- (e) undated letter from the administrator of the Company to the Company's registered agent regarding change in the administrator duly executed by the administrator of the Company in substantially the form set out in Schedule 9 (*Form of Letter from the Administrator to the Registered Agent*); and
- (f) letter of authority duly executed by the administrator of the Company in substantially the form set out in Schedule 10 (*Form of Letter of Authority From the Administrator*);

and shall deliver or procure that there shall be delivered to the Security Trustee an undated written resolution of the board of directors duly executed by all of the directors of the Company in respect of resolutions number 2 and 3 in Schedule 6 within 14 days from the date of this Deed. In addition, the Chargor shall upon the appointment of any director of the Company after the date of this Deed procure the delivery to the Security Trustee of (i) the documents referred to in paragraphs (a) and (b) in respect of such director and (ii) the document referred to in paragraph (c). All of the documents delivered under this Clause 3.3 may be held by the Security Trustee until the Release Date; and

- 3.3.3 upon any person holding any Charged Asset on behalf of the Chargor after the date of this Deed, the Chargor shall procure the delivery to the Security Trustee of an acknowledgment duly executed by such person in substantially the form set out in Schedule 3 (*Form of Acknowledgment from Nominee*) in respect of such Charged Asset, which acknowledgment may be held by the Security Trustee until all of the Charges are released,

provided that the powers under the document listed above in Clause 3.3.2(d) will not be exercised until the occurrence of an Event of Default which is continuing.

3.4 ***Perfection and registration***

The Chargor shall (and, if applicable, will procure that its nominees will):

3.4.1 promptly upon execution of this Charge procure that the following annotation be entered on the Register of Members of the Company and that a copy of such annotated Register of Members be filed with the Registrar of Corporate Affairs:

"The 10,000 ordinary shares of US\$1.00 par value issued as fully paid up in the name of Surplus Basic Limited are charged in favour of [*] pursuant to a share charge dated [●] 2015, as amended from time to time. The date on which this annotation was entered in the Register of Members is [●] [*registered agent to complete*]."

3.4.2 as soon as reasonably practicable after execution of this Deed (but in any event no later than the time required to do so by applicable law):-

- (i) create and maintain a Register of Charges for the Chargor to the extent this has not already been done in accordance with Section 162 of the BVI Act;
- (ii) enter particulars as required by the BVI Act of the security interests created pursuant to this Deed in the Register of Charges and as soon as reasonably practicable after entry of such particulars has been made, provide the Security Trustee with a certified true copy of the updated Register of Charges; and
- (iii) effect registration, or assist the Security Trustee in effecting registration, of the charges created by this Deed with the Registrar of Corporate Affairs pursuant to Section 163 of the BVI Act by making the required filing, or assisting the Security Trustee in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Security Trustee that such filing has been made.

3.4.3 as soon as reasonably practicable after receipt, deliver or procure to be delivered to the Security Trustee, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

3.5 ***Further assurance***

3.5.1 The Chargor shall, at its own expense, take such action as the Security Trustee may require:

- (a) for the purpose of perfecting or protecting the Security Trustee 's rights under and preserving the Charges intended to be created or evidenced by this Deed or the priority of the Charges; and

- (b) following the occurrence of an Event of Default which is continuing, for the purpose of facilitating the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee, any Receiver or any Delegate,

including (i) procuring the amendment of the articles of association of the Company (in form and substance satisfactory to the Security Trustee) to remove any discretion that the directors of the Company may have to refuse registration of share transfers when presented with an executed instrument of transfer and (ii) the execution of any transfer, conveyance, charge, mortgage, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), the making of any registration, the obtaining of any legal advice and the giving of any notice, order or direction.

- 3.5.2 Without prejudice to Clause 3.5.1, the Chargor shall (and, if applicable, shall procure that its nominees will) at the request of the Security Trustee, immediately upon any transfer of any or all of the Charged Assets to the Security Trustee or its nominee or any purchaser in accordance with this Deed upon or after an enforcement in accordance with Clause 7 (*Enforcement*) of any of the Charges, procure the registration of such transfer in the books of the Company and the entry of the Security Trustee (as trustee for the Bondholders), such nominee or such purchaser (as the case may be) in the Register of Members of the Company as the holder of such Charged Assets.

3.6 ***Directors Resolution***

After the Charges have become enforceable, the Chargor shall procure that any transfer to or (to the extent that it is within its power as a shareholder of the Company) by the Security Trustee or its nominee or purchaser of any of the Charged Assets is duly approved by the board of directors of the Company and registered in the Register of Members of the Company (if necessary, by replacing the board of directors of the Company with directors nominated by the Security Trustee).

4. **CHARGED SHARES**

4.1 ***Voting and other rights***

Subject to Clause 4.3 (*Voting and other rights if the Charges become Enforceable*), the Chargor shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Share as it sees fit provided that:

- 4.1.1 it does so for a purpose not inconsistent with any Transaction Document; and
- 4.1.2 the exercise or failure to exercise those rights would not prejudice the interests of any Bondholder under any Transaction Document or the ability of the Security Trustee to realise the Security created under this Deed.

4.2 ***Variation of Rights, Further Issuance***

- 4.2.1 The Chargor shall not, without the prior written consent of the Security Trustee, by the exercise of any voting rights or otherwise, permit or agree:
- (a) to any increase or reduction in the authorised or issued number of shares of or ownership interest in the Company (save as permitted under Clause 4.2.2);
 - (b) any variation of the rights attaching to or conferred by all or any part of the Charged Assets; or
 - (c) any amendment or variation of the memorandum and articles of association of the Company; or
 - (d) any disposal by the Company of any asset or assets to any person other than a subsidiary of the Listco and on completion of which will result in the aggregate book value of assets disposed by it since the date of this Deed exceeding US\$100,000,000.
- 4.2.2 Paragraph (a) of Clause 4.2.1 does not apply to the allotment or issuance of shares of the Company if all of such shares are fully paid-up and immediately subject to the Charges hereunder upon the allotment or issuance of the same.

4.3 *Voting and other rights if the Charges become Enforceable*

At any time following the occurrence of an Event of Default and so long as the Event of Default is continuing:

- 4.3.1 the Security Trustee or any Receiver shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Charged Asset as it sees fit;
- 4.3.2 the Chargor shall comply or procure the compliance with any directions of the Security Trustee or the Receiver in respect of the exercise of those rights and shall promptly execute and/or deliver to the Security Trustee or such Receiver such forms of proxy as it may require in connection with that exercise;
- 4.3.3 the Security Trustee shall be entitled to transfer all or any part of the Charged Assets into the name of the Security Trustee or such nominee(s) of the Security Trustee as it shall require; and
- 4.3.4 the Security Trustee shall be entitled to exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Assets, including without limitation the right, in relation to the Company whose shares, ownership interests or other securities are charged pursuant to this Deed, to concur or participate in:
- (i) the reconstruction, amalgamation, sale or other disposal of the Company or any of its assets or undertaking (including without

limitation the exchange, conversion or reissue of any shares, ownership interests or securities as a consequence thereof);

- (ii) the release, modification or variation of any rights or liabilities attaching to such shares, ownership interests or securities; and
- (iii) the exercise, renunciation or assignment of any right to subscribe for any shares, ownership interests or securities,

in each case in such manner and on such terms as the Security Trustee may think fit, and the proceeds of any such action shall form part of the Charged Assets.

4.4 ***Dividends***

4.4.1 Prior to and at any time following the occurrence of an Event of Default which is continuing, the Chargor shall hold any and all income in respect of any or all of the Charged Assets received or recovered by it on trust for the Security Trustee and pay the same immediately to the Security Trustee (as trustee for the Bondholders) or as it may direct. The Security Trustee (for and on behalf of the Lenders) shall be entitled to apply the same in such manner as it sees fit in discharge of the Secured Obligations.

4.4.2 Following the occurrence of an Event of Default which is continuing, the Chargor shall direct or procure its nominee to direct that any Dividends or other payments which it or its nominee as holder thereof may be entitled to receive in respect of any of the Charged Assets be paid to the Security Trustee for payment of the Secured Obligations in accordance with Clause 10 of this Deed.

4.5 ***Acquisition of Shares***

The Chargor shall promptly notify the Security Trustee of:

4.5.1 its acquisition of, or agreement to acquire, any Shares; and

4.5.2 the declaration, payment, allotment, offer or issue of any Dividend.

4.6 ***Communications***

The Chargor shall promptly upon request deliver to the Security Trustee a copy of every circular, notice, report, set of accounts or other documents received by it or its nominee in connection with any of the Charged Assets or in connection with or from the issuer of any of the Charged Assets.

4.7 ***Payment of calls etc.***

The Chargor will promptly pay or procure the payment of all calls, instalments or other payments which may at any time become due in respect of any of the Charged Assets. If the Chargor fails to make or procure such payment, the Security Trustee

may make such payment on behalf of the Chargor and any sum so paid by the Security Trustee shall be reimbursed by the Chargor on demand.

4.8 ***Power of Attorney***

If any Charged Asset is not held in the Chargor's name other than as a result of the enforcement of the Charges, the Chargor shall promptly, at the request of the Security Trustee, deliver to the Security Trustee an irrevocable power of attorney, expressed to be given by way of security and executed as a deed by the person in whose name that Charged Asset is held. That power of attorney shall appoint the Security Trustee (as trustee for the Bondholders), every Receiver and every Delegate as the attorney of the holder of that Charged Asset and shall be in such form as the Security Trustee reasonably requires.

5. GENERAL UNDERTAKINGS

5.1 ***Authorisation***

The Chargor shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect (and supply certified copies to the Security Trustee of) any Authorisation required under any applicable law or regulation:

5.1.1 to enable him/her to perform his/her obligations under this Deed; and/or

5.1.2 to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Deed.

5.2 ***Discharge other debts***

The Chargor shall punctually pay and discharge all debts and obligations in respect of the Charged Assets which by law have priority over the Charges.

5.3 ***Depreciation of Charged Assets***

The Chargor shall not do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value of any of the Charged Assets.

5.4 ***No deposit of Shares with any clearing house***

The Chargor shall not (and shall ensure that no other person will) deposit any Shares with any depository, custodian, clearing house or system.

5.5 ***Beneficial Ownership***

The Chargor shall except as permitted by Clause 3.2 (*Disposal*), at all times prior to the Release Date, remain the sole, absolute and beneficial owner of the Charged Assets and

shall not grant or attempt 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.

5.6 *Information*

The Chargor shall give to the Security Trustee upon receipt copies of all notices, requests and other documents sent or received with respect to the Charged Assets and give to the Security Trustee such other information regarding the Charged Assets as the Security Trustee shall reasonably require.

5.7 *No alteration in composition of the board of directors*

The Chargor will procure that, prior to the Release Date, there shall be no change in the registered office or registered agent or administrator, no change to the Register of Members of the Company, and no appointment of any further director or officers of the Company, in each case, unless expressly permitted by this Deed, without the prior consent in writing of the Security Trustee (such consent not to be unreasonably withheld or delayed).

5.8 *No participation in voting concerning a members' liquidation or compromise*

The Chargor shall not without the prior written consent of the Security Trustee participate in any vote concerning a members' liquidation or compromise pursuant to sections 179A and 199 of the BVI Act or Part VI of the Insolvency Act.

5.9 *No amendments to memorandum or articles of association*

The Chargor shall ensure that it shall not, without the prior written consent of the Security Trustee, use its voting rights to permit the Company to amend its memorandum or articles of association in a way which could be expected to adversely affect the interests of the Security Trustee or any of the Bondholders.

6. REPRESENTATIONS AND WARRANTIES

6.1 *Representations*

The Chargor:

6.1.1 represents and warrants to the Security Trustee that:

- (a) other than as specified in Clause 3.4 (*Perfection and registration*), and other than any court filings in the usual course of proceedings no consent of, giving of notice to, or registration with, or taking of any other action in respect of, any governmental authority or agency in any relevant jurisdiction or of any creditors of the Chargor is required for or in connection with the execution, performance, validity, enforceability and admissibility in evidence in the proceedings of this Deed, or the carrying out by the Chargor of any of the transactions contemplated hereby;

- (b) the obligations of the Chargor under this Deed are direct, general, unconditional obligations of the Chargor and rank at least pari passu with all its other present and future unsecured and unsubordinated obligations save for any obligations mandatorily preferred by law and not by contract; and

6.1.2 further represents and warrants to the Security Trustee that:

- (a) it is the sole legal and beneficial owner of the Charged Assets;
- (b) it has not created any Security in any of its rights, title, interest or benefits in the Charged Assets (other than by this Deed);
- (c) neither it nor any of its nominees has sold or otherwise disposed of the Charged Assets or agreed to do so;
- (d) prior to any transfer to the Security Trustee, it is the legal owner of the Charged Assets (except for Shares that are held by any person as nominee for the Chargor, as notified to the Security Trustee in writing prior to the date of this Deed);
- (e) prior to the Release Date, the Shares subject to the Charges hereunder constitute 100% of the entire issued shares of and ownership interest in the Company, and there is no outstanding agreement or commitment on the part of the Company or the Chargor to issue or allot (or procure the issuance or allotment of) any Shares to any person other than the Chargor;
- (f) the Shares have been validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;
- (g) the Shares are freely transferable on the books of the Company and no consents or approvals are required in order to register a transfer of the Shares;
- (h) the Shares are not issued with any preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, return of any amount paid on account of shares or otherwise which are not expressly set out in the memorandum and articles of association of the Company;
- (i) the Chargor has not received any notice of an adverse claim by any person in respect of the ownership of the Charged Assets or any interest in the Charged Assets;
- (j) as at the date of this Deed, the particulars of the shares of and ownership interest in the Company held by, to the order of or on behalf of the Chargor as set out in Schedule 2 (*Particulars of Shares*) are

accurate in all respects and such shares constitute 100% of the issued shares of the Company; and

- (k) no Event of Default is continuing.

6.2 ***Repetition***

The Chargor represents and warrants to and undertakes with the Security Trustee that the foregoing representations and warranties will be true and accurate on and as of each day during the period commencing on the date hereof and ending on the date upon which all Secured Obligations have been satisfied in full with reference to the facts and circumstances on each such day.

7. **ENFORCEMENT**

7.1 ***When enforceable***

The Charges shall be immediately enforceable following the occurrence of an Event of Default which is continuing and the Security Trustee may, without prior authorisation from any court in its discretion:

- 7.1.1 enforce all or any part of any Charges (at the times, in the manner and on the terms it thinks fit) and take possession and hold or dispose of all or any part of the Charged Assets; and
- 7.1.2 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions given to a Receiver under this Deed and/or otherwise conferred by law.

7.2 ***No requirement of notice period***

Neither the Security Trustee nor any Receiver is required to give any prior notice of non-payment or default to the Chargor before enforcing any or all of the Charges, and there is no minimum period for which Secured Obligations must remain due and unpaid before the Charges can be enforced.

7.3 ***No Liability as mortgagee in possession***

Neither the Security Trustee nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Assets or be liable for any loss upon realisation or for any neglect, default or omission in connection with all or any part of the Charged Assets to which a mortgagee in possession might otherwise be liable.

7.4 ***Wide construction of enforcement powers***

The enforcement powers of the Security Trustee and any Receiver under this Deed shall be construed in the widest possible sense and all Parties intend that the Security Trustee and the Receiver shall have as wide and flexible a range of enforcement

powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law and/or the provisions of this Deed.

7.5 *Additional Power*

Without prejudice to the generality of the other provisions in this Deed, the Security Trustee may at any time after the occurrence of an Event of Default which is continuing to put into effect the documents delivered under Clauses 3.3.1 and 3.3.2 and appoint its own nominees as directors and officers and administrator of the Company.

7.6 *Sale of Charged Assets*

After the occurrence of an Event of Default which is continuing, each of the Security Trustee and any 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 Asset (or any relevant part thereof) may be sold (i) subject to any conditions which the Security Trustee or that Receiver may think fit to impose, (ii) to any person (including, without limitation, any person connected with the Chargor or the Security Trustee or any Bondholder) and (iii) at any price which the Security Trustee or that Receiver in its absolute discretion, considers to be the best obtainable in the circumstances taking into account the nature of the Company as a private company.

8. APPOINTMENT AND RIGHTS OF RECEIVERS

8.1 *Appointment of Receivers*

At any time after the occurrence of an Event of Default which is continuing, the Security Trustee may, by deed, or otherwise in writing signed by any officer or manager of the Security Trustee or any person authorised for this purpose by the Security Trustee, appoint one or more persons to be a Receiver of the Charged Assets and may from time to time fix his or their remunerations. The Security Trustee may similarly remove any Receiver so appointed and appoint any person as additional or replacement Receiver(s). If the Security Trustee appoints more than one person as Receiver, the Security Trustee may give those persons power to act either jointly or severally or jointly and severally.

8.2 *Powers and rights of Receivers*

8.2.1 Any Receiver appointed pursuant to this Clause 8 shall have, in relation to the Charged Assets in respect of which he is appointed:

- (a) the rights, powers, discretions, privileges and immunities conferred on mortgagors, mortgagees in possession and/or receivers by any applicable law;

- (b) the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do (including without limitation the right, in relation to the Company whose shares, ownership interests or other securities are charged pursuant to this Deed, to concur or participate in any of the matters specified in Clause 4.3.4, in each case in such manner and on such terms as such Receiver may think fit, and the proceeds of any such action shall form part of the Charged Assets);
- (c) the powers and rights conferred on the Security Trustee; and
- (d) the powers and rights set out in Schedule 1 (*Rights of Receivers*),

8.2.2 Each Receiver shall in the exercise of such Receiver's rights, powers, discretions, privileges and immunities conform to the directions and regulations from time to time given or made by the Security Trustee.

8.3 *Agent of Chargor*

Any Receiver shall be the agent of the Chargor for all purposes. The Chargor alone shall be responsible for each Receiver's contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by that Receiver.

8.4 *Remuneration*

The Security Trustee may determine the remuneration of any Receiver and any maximum rate specified in any applicable legislation shall (to the extent capable of being excluded) not apply. The Security Trustee may direct payment of that remuneration out of moneys such Receiver receives in its capacity as such. The Chargor alone shall be liable for the remuneration and all other costs, losses, liabilities and expenses of any Receiver.

8.5 *No liability for exercise of powers*

Neither the Security Trustee nor any Receiver shall be liable for any losses, involuntary or otherwise, which arise in the exercise by the Security Trustee or such Receiver of its powers under this Deed unless caused by its breach of the terms of this Deed, wilful default or gross negligence.

9. SECURITY TRUSTEE'S RIGHTS

9.1 *Same rights as Receiver*

Any rights conferred by any Transaction Document upon a Receiver may be exercised by the Security Trustee while the Charges are enforceable, whether or not the Security Trustee shall have taken possession or appointed a Receiver of any or all of the Charged Assets.

9.2 *Delegation*

Each of the Security Trustee and any Receiver may delegate in any manner to any person any rights exercisable by it under any Transaction Document. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Security Trustee or, as the case may be, such Receiver reasonably thinks fit.

9.3 *Terms of disposition*

In making any sale or other disposal of all or any part of the Charged Assets or any acquisition in the exercise of their respective powers (including without limitation a disposal by any Receiver or Delegate or the Security Trustee to any company formed pursuant to paragraph (c) (*Hive down*) of Schedule 1 (*Rights of Receivers*)), any Receiver or Delegate or the Security Trustee may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by such Receiver or Delegate or the Security Trustee, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by any Receiver or Delegate or the Security Trustee may contain conditions excluding or restricting the personal liability of such Receiver or Delegate or the Security Trustee.

10. APPLICATION OF PROCEEDS

All monies received or recovered by the Security Trustee or any Delegate or any Receiver in exercise of their rights or otherwise under this Deed shall, subject to Clause 14.6 (*Appropriations*) and subject to the claims of any person having prior rights thereto and any mandatory provisions of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) where applicable, be applied in the following order of priority:-

- (a) in payment or satisfaction of all costs, charges, expenses and liabilities properly incurred and payments made by or on behalf of the Security Trustee, Receiver or Delegate in connection with the exercise of any powers hereunder and in preserving or attempting to preserve the Security created under this Deed;
- (b) in or towards reduction of the remaining Secured Obligations as the Security Trustee shall think fit (acting reasonably) subject however to the Security Trust Deed;

but so that if and for so long as the Chargor has any future or contingent liability to the Security Trustee, the Security Trustee may place and keep any such moneys to the credit of such interest bearing account or accounts, in such name or names, as the Security Trustee may deem fit, without obligation to apply the same as mentioned

above until all such liability is ascertained and due, and the same shall form part of the Charged Assets.

11. LIABILITY OF SECURITY TRUSTEE, RECEIVER AND DELEGATES

- 11.1 Neither the Security Trustee, any Receiver nor any Delegate shall (either by reason of taking possession of the Charged Assets or for any other reason) be liable to the Chargor, any Bondholder or any other person for any costs, losses, liabilities or expenses relating to the realisation of any Charged Assets or from any act, default, omission or misconduct of the Security Trustee, any Receiver, any Delegate or their respective officers, employees or agents in relation to any or all of the Charged Assets or in connection with any or all of the Transaction Documents.
- 11.2 Nothing in this Deed shall be construed as placing on the Security Trustee 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 in respect of any of the Charged Assets or such calls, instalments or payments, and the Chargor shall indemnify the Security Trustee upon demand in respect of all calls, instalments or other payments relating to any of the Charged Assets and/or to any rights, shares and other securities accruing, offered or arising in respect of the Charged Assets or such calls, instalments or payments in respect of any of such Charged Assets.

12. POWER OF ATTORNEY

12.1 *Appointment*

The Chargor by way of security irrevocably (within the meaning of Section 4 of the Powers of Attorney Ordinance (Cap. 31)) appoints the Security Trustee, every Receiver and every Delegate severally as its attorney (with full power of substitution), on its behalf and in its name or otherwise, at such time and in such manner as the attorney thinks fit:

- 12.1.1 to do anything which the Chargor is obliged to do (but has not done) under this Deed (including to execute charges over, transfers, conveyances, assignments and assurances of, and other deeds, instruments, notices, orders and directions relating to, the Charged Assets or any part thereof); and
- 12.1.2 to exercise any of the rights conferred on the Security Trustee, any Receiver or any Delegate in relation to the Charged Assets (or any part thereof) or under this Deed and/or applicable laws and regulations (including without limitation, any right of a legal or beneficial owner of the Charged Assets).

12.2 *Ratification*

The Chargor ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall lawfully do in the exercise or purported exercise of the power of attorney granted by it in Clause 12.1 (*Appointment*).

12.3 *Termination*

This power of attorney created pursuant to this Clause 12 shall terminate when the Secured Obligations have been fully repaid.

13. PROTECTION OF THIRD PARTIES

13.1 *No duty to enquire*

No person dealing with the Security Trustee, any other Bondholder, any Receiver or any Delegate shall be concerned to enquire:

13.1.1 whether the power or rights conferred by or pursuant to any Transaction Document are exercisable;

13.1.2 whether any consents, regulations, restrictions or directions relating to such powers or rights have been obtained or complied with;

13.1.3 otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers or rights; or

13.1.4 as to the application of any money borrowed or raised or of any proceeds of any disposition or realisation.

13.2 *Protection to purchasers*

13.2.1 The receipt of the Security Trustee or any Receiver or Delegate shall be conclusive discharge to a purchaser of the Charged Assets (or any part thereof) from the Security Trustee or such Receiver or Delegate.

13.2.2 No purchaser or other person dealing with the Security Trustee, any Receiver or any Delegate shall be bound to inquire whether the right of the Security Trustee, such Receiver or such Delegate to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Trustee, such Receiver or such Delegate in such dealings.

14. SAVING PROVISIONS

14.1 *Continuing Security*

Subject to Clause 15 (*Discharge of Security*), the Charges are continuing Security and will extend to the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

14.2 *Reinstatement*

If any payment by or recovery from the Chargor or any discharge or release given by a Bondholder (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) under or in connection with any Transaction Document is avoided or reduced for any reason including, without limitation, as a result of insolvency, breach of fiduciary or statutory duties or any similar event:

14.2.1 the liabilities of the Chargor hereunder and the Charges shall continue as if such payment, recovery, discharge or release had not occurred; and

14.2.2 each Bondholder shall be entitled to recover the value or amount of that payment or recovery from the Chargor and any and all Charges hereunder, as if such payment, recovery, discharge or release had not occurred.

14.3 ***Cumulative rights***

The security created by or pursuant to this Deed, and the rights, powers and remedies of the Security Trustee provided by or pursuant to this Deed, shall be cumulative, in addition to and independent of every other security which the Security Trustee or any other Bondholder may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law. No prior security held by the Security Trustee (whether in its capacity as trustee or otherwise) or any other Bondholder over the whole or any part of the Charged Assets shall merge into the security constituted by this Deed.

14.4 ***Waiver of defences***

Neither the obligations of the Chargor under this Deed nor the Charges will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under any Transaction Document or any of the Charges (without limitation and whether or not known to it or any of the Bondholders) including:

14.4.1 any time, waiver or consent granted to, or composition with, the Chargor, any other Obligor or any other person;

14.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any such Obligor or other person;

14.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or security over assets of, the Chargor, any other Obligor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

14.4.4 any incapacity or lack of power, authority or legal personality of the Chargor, any other Obligor or any other person or dissolution or change in the members or status or constitution of the Chargor, any other Obligor or any other person;

- 14.4.5 any amendment (however fundamental) or replacement of a Transaction Document or any other document or security;
- 14.4.6 any variation of the terms of the trust upon which the Security Trustee holds the security constituted by this Deed;
- 14.4.7 any unenforceability, illegality or invalidity of any obligation of any person under any Transaction Document or any other document or security;
- 14.4.8 any insolvency or similar proceedings;
- 14.4.9 this Deed or any other Transaction Document not being validly executed by or binding against any party; or
- 14.4.10 any other Security, guarantee or indemnity now or thereafter, held by the Security Trustee or any other person in respect of the Secured Obligations or any other liabilities.

14.5 ***Immediate recourse***

The Chargor waives any right it may have of first requiring the Security Trustee or any Bondholder to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of any Transaction Document to the contrary.

14.6 ***Appropriations***

Until all the Secured Obligations have been irrevocably paid in full and no further Secured Obligations may become outstanding, the Security Trustee or each Bondholder may, whether any of the Secured Obligations is overdue:

- 14.6.1 refrain from applying or enforcing any other moneys, security or rights held, received or recovered by that Bondholder (or any trustee or agent on its behalf), or apply and enforce the same in such manner and order as it sees fit (save as otherwise expressly provided in this Deed) and the Chargor shall not be entitled to the benefit of the same; and/or
- 14.6.2 hold in a suspense account any moneys received or recovered from the Chargor or on account of any Charged Asset or the Chargor's liability under this Deed (pending application of the same from time to time in accordance with the provisions of this Deed).

14.7 ***Deferral of Chargor's rights***

Until all the Secured Obligations have been irrevocably paid in full and no further Secured Obligations may become outstanding and unless the Security Trustee otherwise directs, the Chargor shall not:

14.7.1 exercise any rights which it may have by reason of the performance by it of its obligations under the Transaction Documents:

- (a) to be indemnified by any person;
- (b) to claim any contribution from any other Obligor or any guarantor of any Obligor's obligations under any or all of the Transaction Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee, the Bondholders under the Transaction Documents or of any guarantee or other security taken pursuant to, or in connection with, any or all of the Transaction Documents by any Bondholder; or

14.7.2 accept or permit to subsist any security from any Obligor or any other person in respect of any rights the Chargor may have arising out of this Deed. Notwithstanding the foregoing, if any such security shall be accepted or subsisting, the Chargor acknowledges that its rights under such Security shall be held on trust for the Security Trustee (as trustee for the Bondholders).

14.8 *Additional Security*

The Charges are in addition to and are not in any way prejudiced by any other guarantees or security now or subsequently held by the Security Trustee and any Bondholder from time to time.

14.9 *Subsequent Security*

If the Security Trustee or any Bondholder (or any trustee or agent on its behalf) at any time receives or is deemed to have received notice of any subsequent security affecting all or any part of the Charged Assets or any assignment, transfer or disposition of all or any part of the Charged Assets which is prohibited by the terms of any Transaction Document, all payments thereafter by or on behalf of the Chargor to the Security Trustee or any Bondholder (or any trustee or agent on its behalf) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations as at the time when the first-mentioned Bondholder (or any trustee or agent on its behalf) received such notice.

14.10 *Tacking*

Each Bondholder shall comply with its obligations under the Transaction Documents.

15. **DISCHARGE OF SECURITY**

15.1 *Final redemption*

15.1.1 Subject to Clauses 14.2 (*Reinstatement*) and 15.2 (*Retention of security*), if the Security Trustee is satisfied that all the Secured Obligations have been

irrevocably paid in full and that no further Secured Obligations may become outstanding, the Security Trustee shall promptly at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charges (except to the extent already disposed of or enforced against in accordance with this Deed).

15.1.2 Any release, reassignment or discharge by the Security Trustee pursuant to this Clause 15.1 shall, in each case, be without recourse to, or any representation or warranty by, the Security Trustee or any other Bondholder or any of their respective nominees.

15.1.3 For those Charged Assets which have been transferred and registered under the name of the Security Trustee (as trustee for the Bondholders) or its nominee, the Security Trustee shall only be obliged to return the share certificate(s) then representing the Charged Assets not yet disposed of or realised by the Security Trustee pursuant to its powers under this Deed (but not the original share certificates originally delivered to the Security Trustee by the Chargor) with the instruments of transfer duly executed in favour of the Chargor or such other person as the Chargor may direct.

15.2 *Retention of security*

If the Security Trustee considers that any amount paid or credited to or recovered by any Bondholder under any Transaction Document is capable of being avoided or otherwise set aside on the winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

15.3 *Consolidation*

Any restrictions on the consolidation of Security shall be excluded to the fullest extent permitted by law and the Security Trustee shall, so far as it is lawful and subject to other provisions of this Deed, be entitled to consolidate all or any of the Charges with any other Security whether in existence on the date of this Deed or in the future from time to time.

16. **PAYMENTS**

All payments by the Chargor under this Deed (including damages for its breach) shall be made to such account, with such financial institution and in such other manner as the Security Trustee may direct.

17. **SEPARATE AND INDEPENDENT OBLIGATIONS**

The Security created by the Chargor by or in connection with any Transaction Document is separate from and independent of the Security created or intended to be created by any other Obligor by or in connection with any Transaction Document.

18. CONDUCT OF BUSINESS BY THE SECURITY TRUSTEE

No provision of this Deed will:

- 18.1.1 interfere with the right of any Bondholder to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- 18.1.2 oblige any Bondholder to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- 18.1.3 oblige any Bondholder to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

19. OTHER INDEMNITIES

19.1 *General indemnity*

The Chargor will, within five (5) Business Days of demand, pay all costs, losses, expenses and liabilities (including any stamp duty, registration or other similar taxes) lawfully incurred by the Security Trustee or by any Receiver in connection with the Charge. This includes any costs and expenses relating to the enforcement or preservation of the Charge or the Charged Assets and to any amendment, waiver, consent or release required in connection with the Charge.

19.2 *Indemnities separate*

Each indemnity in this Deed shall:

- 19.2.1 constitute a separate and independent obligation from the other obligations in this Deed or any other Transaction Document;
- 19.2.2 give rise to a separate and independent cause of action;
- 19.2.3 apply irrespective of any indulgence granted by the Security Trustee or any Bondholder;
- 19.2.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligations or any other judgment or order; and
- 19.2.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to any Bondholder or the Security Trustee.

20. ASSIGNMENTS AND TRANSFERS

20.1 *No Assignments or Transfers by the Chargor*

The Chargor may not assign or transfer any or all of its rights and/or obligations under this Deed.

20.2 *Assignment and Transfer by Security Trustee*

The Security Trustee may assign and/or transfer all or any of its rights and/or obligations under this Deed without the prior written consent of the Chargor. Where the assignee is a successor of the Security Trustee, upon such assignment and transfer taking effect, the assignee shall be and be deemed to be acting as security trustee for the Bondholders for the purposes of this Deed and in place of the Security Trustee.

20.3 *Assignment by Bondholders*

Each of the Bondholders may assign all or any of its rights under this Deed (whether direct or indirect) to any person to whom it shall have assigned or transferred its Bonds in accordance with the terms of that Bond Instrument.

21. RIGHTS, AMENDMENTS, NOTICE, WAIVERS AND DETERMINATIONS

21.1 *Ambiguity*

Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail (to the maximum extent permitted by law).

21.2 *Amendments and waivers*

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Security Trustee.

21.3 *Notice*

Any notice, claim, or demand in connection with this Deed shall be in writing (each a "Notice"), and shall be delivered or sent to the recipient at its fax number, or address listed below, or any other fax number or address notified to the sender by the recipient for the purposes of this Deed:

To the Chargor:

Address	Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Fax	(852) 2344 9392
Attention	The Board of Directors

To the Security Trustee:

Name	Cheer Hope Holdings Limited (展望控股有限公司)
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Address	12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Fax	(852) 2140 6088
Attention	Rosche Yam / Carol Fan / Jason Xu

Any notice shall be deemed to have been served: (a) if served by hand, when delivered and proof of delivery is obtained by the delivery party, (b) if served by overnight courier, on the next Business Day, or (c) if sent by facsimile, when despatched subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice despatched by facsimile after 5:00 p.m. on any day shall be deemed to have been received at 9:00 a.m. on the next Business Day. Any notice received on a Sunday or public holiday shall be deemed to be received on the next Business Day.

21.4 *Counterparts*

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

22. GOVERNING LAW

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

23. JURISDICTION

23.1 *Jurisdiction of Hong Kong courts*

23.1.1 The courts of Hong Kong have non-exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**").

23.1.2 The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party will argue to the contrary.

23.2 *Process Agent*

Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

23.2.1 irrevocably appoints the Listco of Room 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Deed and undertakes to have a party having a Hong Kong address to act as such agent and to promptly inform the Security Trustee in writing of any change in the party acting as such agent or change in the Hong Kong address of such agent; and

23.2.2 agrees that failure by a process agent to notify the Chargor of the process will not invalidate the proceedings concerned.

23.3 ***Waiver of Immunity***

The Chargor waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

24.3.1 the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues (or any part thereof); and

24.3.2 the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenue (or any part thereof).

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.

SCHEDULE 1
RIGHTS OF RECEIVERS

Any Receiver appointed pursuant to Clause 8 (*Appointment and Rights of Receivers*) shall have the right, either in his own name or in the name of the Chargor (notwithstanding any dissolution or winding-up of the Chargor) or otherwise and in such manner and upon such terms and conditions as the Receiver thinks fit, and either alone or jointly with any other person:

(a) **Take possession**

to take possession of the Charged Assets, and to require payment to it of all Dividends including without limitation, to complete any instruments of transfer and to procure the transfer of the Charged Assets into the name of the Security Trustee (as trustee for the Bondholders) or its nominee and, if necessary, take possession of and collect the share certificates and/or other documents of title relating to the Charged Assets, in each case, at the cost and risk of the Chargor;

(b) **Deal with Charged Assets**

to sell, transfer, assign, exchange or otherwise dispose of or realise the Charged Assets to any person (including a new company formed pursuant to paragraph (c) (*Hive down*)) either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments spread over a period or deferred);

(c) **Hive down**

to form a new company and to subscribe for or acquire (for cash or otherwise) any investment in or of the new company and to sell, transfer, assign, exchange and otherwise dispose of or realise any such investments or part thereof or any rights attaching thereto;

(d) **Borrow money**

to borrow or raise money either unsecured or on the security of the Charged Assets (either in priority to the Charges or otherwise);

(e) **Rights of ownership**

to exercise and do (or permit the Chargor or any nominee of it to exercise and do) all such rights and things as the Receiver would be capable of exercising or doing if it were the absolute legal or beneficial owner of the Charged Assets (including without limitation the exercise of any or all of the voting rights in respect of the Charged Assets and the right to receive Dividends);

(f) **Covenants and guarantees**

to enter into bonds, covenants, guarantees, indemnities and other commitments and to make all payments needed to effect, maintain or satisfy them and to use the company seal of the Chargor;

(g) **Claims**

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person relating to the Charged Assets;

(h) **Legal actions**

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Charged Assets and in addition to take or defend proceedings for the compulsory winding-up of the Chargor and proceedings for directions under Section 255 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);

(i) **Redemption of Security**

to redeem any Security (whether or not having priority to the Charges) over the Charged Assets and to settle the accounts of any person with an interest in the Charged Assets;

(j) **Spend money**

in the exercise of any of the above powers, to spend such sums as he may properly think fit and the Chargor shall forthwith on demand repay to the Security Trustee or the Receiver (as the case may be) all sums so spent together with interest on those sums at such rates as the Security Trustee may from time to time properly determine from the time they are paid or incurred and until repayment those sums (together with such interest) shall be secured by the Charges;

(k) **Acquisitions**

to purchase, lease, hire or otherwise acquire any assets or rights of any description which he shall in his absolute discretion consider necessary or desirable for the improvement or realisation of the whole or any part of the Charged Assets or otherwise for the benefit of the whole or any part of the Charged Assets;

(l) **Receipts**

to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising any Charged Asset;

(m) **Delegation**

to delegate his powers in accordance with Clause 9.2 (*Delegation*);

(n) **Appointment and Removal of Directors**

to complete, date and put into effect any stock transfer form or instrument of transfer delivered in relation to the Charged Assets or any part thereof pursuant to Clause 3 (*Restrictions and Further Assurance*), any letter of resignation, any undated resolution(s) of the board of directors of the Company and/or any other document(s) delivered pursuant to Clause 3 (*Restrictions and Further Assurance*) and to exercise all powers of appointment and/or removal of the directors of the Company attaching to the Charged Assets or any part thereof; and

(o) **Other powers**

to do anything else he may think fit for the realisation of the Charged Assets or incidental to the exercise of any of the rights conferred on the Security Trustee or any Receiver under or by virtue of any Transaction Document to which the Chargor is party and/or applicable statutory provisions and common law.

SCHEDULE 2
PARTICULARS OF SHARES

<u>Registered Owner</u>	<u>Shares (type, number and nominal value)</u>
The Chargor	10,000 Shares par value US\$1.00 each

SCHEDULE 3
FORM OF ACKNOWLEDGMENT FROM NOMINEE

To: [*] as Security Trustee (as defined in the Share Charge referred to below, which expression shall include its and any subsequent successors, assigns and transferees)

Dear Sirs,

At the request of Surplus Basic Limited (the "**Chargor**"), I/we hereby:

1. warrant and confirm that I am/we are the registered holder(s) of [*insert number and description of relevant Charged Assets*] (the "**Share[s]**") and am/are holding the Share[s] as nominee for and on behalf of the Chargor;
2. acknowledge that the Chargor has, pursuant to a share charge (as amended from time to time, the "**Share Charge**") dated [] between inter alia, the Chargor and [*] as Security Trustee, charged the Share[s] in favour of you as security upon the terms and conditions specified therein;
3. undertake that I/we shall, upon and at all times after notification by you to us that the security constituted by the Share Charge has become enforceable, hold the Share[s] on trust for you (or any other person whom you may nominate);
4. undertake that I/we shall, upon being requested by you to do so, transfer the legal title in the Share[s] to you (or any other person whom you may nominate) and do all acts and execute all documents as may be necessary and/or as you may require for such purpose; and
5. irrevocably and unconditionally appoint each of you, any Receiver (as defined in the Share Charge) and any Delegate (as defined in the Share Charge) severally to be my/our attorney on the terms of Clause 12 (*Power of Attorney*) of the Share Charge (*mutatis mutandis*) as if I was/we were the Chargor, and undertake to execute such further powers of attorney in such form as you may reasonably require from time to time.

Dated:

[in the case where the relevant nominee is a company incorporated in Hong Kong or a company incorporated outside Hong Kong which has a company seal]

THE COMMON SEAL of)
[*name of relevant nominee*])
was hereunto affixed)
in the presence of)

[in the case where the relevant nominee is a company outside Hong Kong which does not have any company seal]

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant authorised signatory*])
for and on behalf of)
[*name of relevant nominee*])
in the presence of)

L.S.

Witness:

[in the case where the relevant nominee is an individual]

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[*name of relevant nominee*])
in the presence of)

L.S.

Witness:

SCHEDULE 4

FORM OF LETTER OF RESIGNATION OF THE DIRECTORS OF THE COMPANY

To: The Board of Directors
Rander International Limited 華特國際有限公司(the "**Company**")
[insert address of registered office of the Company]

Date: [to be left blank]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and
2. there is no outstanding agreement or arrangement with the Company under which the Company has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
[name of director])
in the presence of)

L.S.

Witness:

SCHEDULE 6
FORM OF WRITTEN RESOLUTIONS

Rander International Limited 華特國際有限公司 (the "Company")
WRITTEN RESOLUTIONS OF
THE BOARD OF DIRECTORS OF THE COMPANY

Dated: *[to be left blank]*

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the Register of Members of the Company in respect of the relevant share(s) so transferred and that new share certificates in respect of such share(s) be issued forthwith to such transferee in accordance with the Articles of Association of the Company and for this purpose any director of the Company be authorised to sign such new share certificates for and on behalf of the Company and the common seal of the Company be affixed thereto:

[to be left blank]

2. each of the following persons be appointed as a director of the Company with immediate effect:

[to be left blank]

3. the resignation of the following person(s) as director(s) of the Company be accepted with immediate effect:

[to be left blank]

[This document may be signed in different counterparts.]

[all the directors of the Company to state their names and sign in different counterparts]

SCHEDULE 7
INSTRUMENT OF TRANSFER

Rander International Limited 華特國際有限公司
incorporated in the British Virgin Islands
(the "**Company**")

Pursuant to a share charge dated [•] 2015 in respect of all the issued shares of the Company executed by Surplus Basic Limited (as chargor) in favour of Cheer Hope Holdings Limited (展望控股有限公司) (as Security Trustee), [*] (as Transferor) hereby sells, assigns and transfers to

_____ (Name in full and nationality of Transferee)

of _____ (address)

_____ shares par value _____ each of the Company.

Dated this _____ day of _____ .

In the presence of:

For and on behalf of
[*]
(Transferor)

(Witness)

In the presence of:

For and on behalf of
(Transferee)

(Witness)

SCHEDULE 9
FORM OF LETTER FROM THE ADMINISTRATOR TO THE REGISTERED AGENT

Letter to Registered Agent

Date:

[*]

Dear Sirs,

**RE: Change of Administrator of Rander International Limited 華特國際有限公司
(the “Company”)**

We write to notify you that the administrator of the Company will irrevocably be changed to _____ with immediate effect.

Contact details of the new administrator are as follows:

Thank you for your attention.

For and on behalf of

[*]

Administrator of Rander International Limited 華特國際有限公司

SCHEDULE 10
FORM OF LETTER OF AUTHORITY FROM THE ADMINISTRATOR

LETTER OF AUTHORISATION

To: Cheer Hope Holdings Limited (展望控股有限公司) (as security trustee, including any successor in such capacity)

Dear Sirs,

Re: Charge by Surplus Basic Limited (the “Chargor”) of all its Shareholding in Rander International Limited 華特國際有限公司 (the “Company”) in favour of Cheer Hope Holdings Limited (展望控股有限公司) as Security Trustee

We hereby unconditionally and irrevocably authorise you and any other party(ies) authorised by you (“**Authorized Representative(s)**”) to complete, date and put into effect in manner you or the Authorized Representative(s) think(s) fit the letter to the registered agent of the Company regarding change of administrator of the Company signed by us in blank/in escrow and any other documents in relation to the Company so signed by us at any time after the security constituted by the instrument under which the captioned share charge is granted by the Chargor has become enforceable in accordance with its terms.

Date:

EXECUTED as a DEED by _____ :

SEALED with the **Common Seal** of

and **SIGNED** for and on its behalf by

_____, its director(s), who has/have been duly authorized to do so

SIGNATURE PAGE

CHARGOR

THE COMMON SEAL of)
Surplus Basic Limited)
was hereunto affixed and)
signed for and on its behalf by)

in the presence of

Witness

SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
Cheer Hope Holdings Limited)
(展望控股有限公司))

SIGNED by **Lai Leong, Director**)
duly authorised for and on behalf of)
CHINA SMARTER ENERGY GROUP)
HOLDINGS LIMITED)
in the presence of:-)



A handwritten signature in black ink, appearing to be 'Lai Leong', with a long horizontal stroke extending to the right. Below the signature, the initials 'LL' are written.



A handwritten signature in black ink, appearing to be 'Hon Ming Sang'.

HON MING SANG

SIGNATURE PAGE

SIGNED by *Zhang Yanfeng*
duly authorised for and on behalf of
**ZHONGTAI FINANCIAL
INVESTMENT LIMITED**
(中泰金融投资有限公司)
in the presence of:-

)
)
)
)
)
)
)

For and on behalf of
ZHONGTAI FINANCIAL INVESTMENT LIMITED
中泰金融投资有限公司

.....
Authorized Signature(s)

程成

Name: CHENG CHENG.