

MRD 1/3/01 REC

01-16-2001

SHEET 1



101583796

Tab settings

To the Honorable Commissioner of P:

ached original documents or copy thereof.

1. Name of conveying party(ies):

THE CHASE MANHATTAN BANK
270 Park Avenue
New York, NY 10017

- Individual(s) Association
General Partnership Limited Partnership
Corporation-State
Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger
Security Agreement Change of Name
Other Release

Execution Date: October 29, 1999

2. Name and address of receiving party(ies)

Name: ASAT LIMITED % ASAT Inc.

Internal Address: Bob Henderson

Street Address: 46335 Landing Parkway

City: Fremont State: CA ZIP: 94938

- Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State CA
Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,791,940

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: FEDERAL RESEARCH CORPORATION

Internal Address:

Street Address: 400 Seventh St., N.W., Suite 101

City: Washington State: DC ZIP: 20004

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41): \$ 40.00

- Enclosed
Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

01 FC:481

40.00 OP

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Piero Giudice
Name of Person Signing

Piero Giudice
Signature

December 18, 2000
Date

Total number of pages including cover sheet, attachments, and document:



The Chase Manhattan Bank
Chase Manhattan Tower
P.O. Box 1616
Shatin Central Post Office
Shatin, Hong Kong
Tel 852-2685-5111
Fax 852-2685-5099
Tlx 73437 CHASM HX

December 15, 2000

Cravath, Swaine & Moore
Worldwide Plaza,
825 Eight Avenue,
New York, NY 10019

Attn : Mr. Jared Hershberg

Dear Sir,

Re: Release of United States Intellectual Filings

The Chase Manhattan Bank hereby authorize the release or termination of all filings listed on Schedule I attached hereto.

Regards,
For The Chase Manhattan Bank
as Administrative Agent


Warren Ho
Vice President

C:\Ryan\ASAT\Release Cravath 121500

	<u>Title</u>	<u>Country</u>	<u>Serial No.</u>	<u>Filing Date</u> (dd.mm.yy)	<u>Patent No.</u>	<u>Issue Date</u>
21.	Method for Providing a Conductor Pattern in a TAB Tape with Minimum Bussing Tails	N/A				
22.	A Die-up Tape Ball Grid Away (TBGA)	N/A				
23.	A Low-Cost molded Tape Ball Grid Array (TBGA)	N/A				
24.	Flip Chip Package with Low Cost Perimeter Flip Bumps	N/A				
25.	Saw Singulated Leadless Plastic Chip Carrier	USA	09/095,803	10.06.98		
26.	Optimized Pad Lead Frame Design	USA	09/222,579	28.12.98		

Trademarks

	<u>Country</u>	<u>Mark</u>	<u>Class</u>	<u>Application No.</u>	<u>Application Date</u>	<u>Registration No.</u>	<u>Registration Date</u>
1.	Benelux	ASAT	40 and 42			588201	21.04.1995
2.	China	ASAT and Device	42			1085523	21.08.1997
3.	France	Asat	42			95 571 338	12.05.1995
4.	Germany	Asat	37 and 42			395 16 848	19.04.1995
5.	Hong Kong	ASAT and Device	40			7479 of 1997	24.07.1997
6.	Singapore	ASAT and Device	40	3861/96	29.04.1996		
7.	United Kingdom	Asat	42			2 018 371	31.01.1997
8.	United States	ASAT and Device	40			1,791,940	07.09.1993

(1) **ASAT LIMITED**
(the "Company")

and

(2) **THE CHASE MANHATTAN BANK**
(the "Collateral Agent")

DEBENTURE

Denton Hall
10/F Hutchison House
10 Harcourt Road
Central
Hong Kong
Tel: 2820-6272
Fax: 2810-6434
Ref. DXM/CXOML/ATTACH1.DOC

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THIS DEBENTURE is dated 29th of October 1999.

BETWEEN:

- (1) **ASAT LIMITED** (the "**Company**"), a company duly incorporated under the laws of Hong Kong whose registered office is at 14th Floor., QPL Industrial Building, 138 Texaco Road, Tsuen Wan, New Territories, Hong Kong; and
- (2) **THE CHASE MANHATTAN BANK** (the "**Collateral Agent**"), a New York banking corporation, as agent and trustee for each of the Secured Parties.

WHEREAS :

- (A) By a credit agreement dated on or about the date of this Debenture (the "**Credit Agreement**") between, amongst others, the Company, the Collateral Agent and the Lenders (as defined therein), the Lenders have agreed to make financial accommodation available to the Company up to a maximum aggregate principal amount of US\$65 million upon and subject to the terms and conditions and for the purpose stated therein.
- (B) It is a condition precedent to the Lenders making such financial accommodation available that the Company executes this Debenture, and this Debenture is accordingly supplemental to the Credit Agreement.

NOW THIS DEBENTURE WITNESSES as follows:

1. **INTERPRETATION**

- 1.1 Except as otherwise defined or redefined in this Debenture or as the context otherwise requires, all words and expressions defined in or construed for the purposes of the Credit Agreement shall have the same meanings in this Debenture (including the Recitals).
- 1.2 In this Debenture (including the Recitals) the following words and expressions shall have the following meanings:

"**ASAT Cayman**" : ASAT (Cayman) Limited, a Cayman Islands company;

"**ASAT Finance**" : ASAT (Finance) LLC., a Delaware corporation;

"**ASAT Holdings**": ASAT Holdings Limited, a Cayman Islands company;

"**ASAT Inc.**" : ASAT Inc., a California corporation;

"Charged Assets": all of the Company's property, assets and rights the subject of any security created by this Debenture and all other property, assets and rights which at any time are or are required to be charged in favour of the Collateral Agent under this Debenture;

"Credit Agreement": has the meaning given to it in Recital (A);

"Debts": all book debts and other debts now or from time to time hereafter due, owing or payable to or to be received by the Company wheresoever situate and all choses in action which give rise or may give rise to book or other debts, and the benefit of all rights relating thereto and of obtaining or enforcing payment of the same; and including, without limitation, the insurances referred to in Clause 6.1(e) and the Company's cash at bank but excluding the Company's cash in its current trading accounts used or to be used in the ordinary course of its business;

"Encumbrance": any mortgage, charge, pledge, hypothecation, lien, assignment, title retention, option, right of set off, security interest, trust arrangement and any other preferential right or agreement to confer security and any transaction which, in legal terms, is not a secured borrowing but which has an economic or financial effect similar to that of a secured borrowing;

"Intellectual Property": any intellectual or industrial property including, without limitation, all know-how, patents, copyrights, trade marks or trade or business names (including applications and rights to apply therefor), designs, drawings and formulae and, ancillary and connected rights whether or not registered, and rights in confidential information now or at any time during the continuance of this Security belonging to the Company;

"Leases" : the leases or licences to which the Company is or becomes a party from time to time, including, without limitation, those described in Schedule 1;

"Loan Documents": the Credit Agreement and the Security Documents.

"Obligations": the Loans and all interest thereon and all other present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally in any other capacity whatsoever) of the Company or ASAT Holdings to any Secured Party under or pursuant to any Loan Document or any Hedging Agreement entered into with any counterparty that was a Lender (or an Affiliate of a Lender) at the time such Hedging Agreement was entered into by the Company, all obligations in respect of overdrafts and related liabilities owed to the Collateral Agent in any capacity under the Loan Documents or an Affiliate thereof arising from treasury, depository or cash management services or in connection with any automated clearing house transfer of funds, and the due and punctual payment and performance of all the covenants, agreements, obligations and liabilities of each other Loan Party under or pursuant to any Loan Document;

"Ordinance": the Conveyancing and Property Ordinance, Chapter 219 of the Laws of Hong Kong;

"Receiver": a receiver or receivers appointed in accordance with the provisions of this Debenture;

"Secured Parties": the Lenders, the Administrative Agent, the Collateral Agent, any Issuing Bank, any counterparty to a Hedging Agreement entered into with the Company (if such counterparty was a Lender (or an Affiliate of a Lender) at the time such Hedging Agreement was entered into) and the Collateral Agent, or any Affiliate thereof, in its capacity as a provider of any treasury, depository or cash management services or as the transferor in connection with any automated clearing house transfer of funds;

this **"Security"**: the security constituted by this Debenture;

"Subsidiary" Timerson, ASAT Finance, ASAT Inc., ASAT Cayman or such other person that may from time to time become a subsidiary of the Company;

"Subsidiary Shares": all of the issued share capital held from time to time by the Company in the Subsidiaries;

"Taxes": includes all present and future taxes, imposts, levies, assessments, duties, charges, fees, deductions and withholdings in all relevant jurisdictions and all interest on them, additions to them and penalties and fines in respect of them; and

"Timerson" : Timerson Limited, a company incorporated under the laws of Hong Kong of company number 519009.

- 1.3 References in this Debenture to statutes shall include any other statute, bye-law, regulation or delegated legislation in force whether before or after the date of this Debenture modifying, re-enacting, extending or made pursuant to the first-mentioned statute.
- 1.4 References in this Debenture to Clauses, Sub-clauses, Recitals and Schedules are references to those contained in this Debenture.
- 1.5 Clause headings are for ease of reference only and shall not affect the construction of this Debenture.
- 1.6 Words importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 1.7 The reference to any party to this Debenture or any other document or agreement shall include its successors and permitted assigns and transferees and this Debenture shall enure to the benefit of and be enforceable by that party notwithstanding any change in its

constitution or its absorption into or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person.

- 1.8 References to any document or agreement (including this Debenture) include references to that document or agreement as amended, novated, supplemented, modified or replaced from time to time.
- 1.9 References to "asset" include any real or personal, present or future, tangible or intangible property or asset (including, without limitation, any Intellectual Property) and any right, revenue or benefit and any right or interest in, under or derived from any of the foregoing.
- 1.10 The fact that no or incomplete details of property or other things are included in the relevant Schedule does not affect the validity or enforceability of this Security.
- 1.11 To the extent that any provision of this Debenture shall conflict with any provision of the Credit Agreement, such provision of the Credit Agreement shall be controlling (it being understood and agreed that the existence of any additional covenant, requirement, obligation or other agreement herein shall be deemed not to be in conflict with the Credit Agreement for the purposes of this Clause 1.11).

2. COVENANT TO PAY

The Company shall pay the Obligations or any part thereof to the Secured Parties at the time and in the manner provided for in the Loan Documents.

3. CHARGE AND ASSIGNMENT

- 3.1 As security for the payment and discharge of the Obligations, the Company, as beneficial owner, hereby assigns and charges, and agrees to assign and charge, in favour of the Collateral Agent :

(a) by way of first fixed charge:

- (i) the Leases and the Shared Costs and Services Agreement;
- (ii) all real property (if any) and buildings and erections in Hong Kong and elsewhere owned by the Company and, where the context permits, all plant, machinery, equipment, fixtures (including trade and tenant's fixtures), fittings and other equipment and effects from time to time thereon or on part thereof;
- (iii) all goodwill and uncalled or unpaid share capital or premiums of the Company both present and future;

- (iv) the Debts (but not the proceeds of the Debts) and all of the Company's right, title and interest in, under and to any documents or agreements of any kind to which the Company is a party including, without limitation, the right to receive any Debts under such documents or agreements of any kind and all other benefits accruing to the Company under them;
- (v) the Subsidiary Shares and all rights in respect thereof; and
- (vi) all Intellectual Property (including, without limitation, the intellectual property specified in Schedule 2); and

(b) by way of floating charge all the undertaking, property, rights and assets whatsoever and wheresoever, both present and future, including the assets described in sub-clause (a)(i) to (vi) if, and to the extent that, the security created thereupon by such sub-clause shall for any reason be ineffective as first fixed charges.

3.2 The Company, as beneficial owner, hereby assigns to the Collateral Agent as security for the payment of the Obligations the benefit of all agreements, warranties, guarantees, insurances and bonds now or from time to time entered into or to be entered into by the Company in connection with the whole or any part of the Charged Assets.

3.3 The floating charge created by Clause 3.1(b) will automatically and immediately crystallise and operate as a fixed charge:

(a) in respect of any asset or any part of the Company's undertaking or in respect of any proceeds of any Debts or any other moneys which may now or in the future be or become payable for any reason to the Company, upon notice to the Company from the Collateral Agent (which it will only give following the occurrence of an Event of Default); or

(b) without the Collateral Agent giving any notice to the Company:

(i) in respect of all the Charged Assets, upon this Security becoming enforceable; or

(ii) in respect of any asset:

(A) when the Company breaches Clause 3.6 (or any similar provision in the Credit Agreement) with respect to such asset;

(B) upon any step being taken to issue, levy or enforce any distress, attachment, execution or other process against or upon that asset or to enforce any Encumbrance in respect of that asset; or

(iii) if an order is made or a resolution is passed for the winding up of the Company.

- 3.4 (a) If the floating charge crystallises under Clause 3.3 in respect of any proceeds or moneys, the Company shall ensure that such proceeds or moneys are paid to an account specified by the Collateral Agent, provided that where such proceeds or moneys are not within its control the Company shall use all reasonable endeavours to ensure that they are paid into such account, and the Company shall not be entitled to withdraw such proceeds or moneys from the account without the Collateral Agent's written consent.
- (b) The Company shall give all notices and directions necessary or requested by the Collateral Agent to ensure paragraph (a) is complied with.
- (c) Whenever an asset which has become subject to a fixed charge under Clause 3.3 is released from that fixed charge, it shall again be subject to the floating charge under Clause 3.1(b) and the further operation of Clause 3.3.

3.5 This Security is a continuing security and shall remain in force notwithstanding any intermediate payment or settlement of account or other matter whatsoever and is in addition to and shall not merge into or otherwise prejudice or affect any guarantee, Encumbrance or other right or remedy now or hereafter held by or available to the Collateral Agent and shall not be in any way prejudiced or affected thereby or by the invalidity thereof or by the Collateral Agent now or hereafter dealing with exchanging releasing modifying or abstaining from perfecting or enforcing any of the same or any right which the Collateral Agent may now or hereafter have or giving time for payment or indulgence or compounding with any other person.

3.6 Unless otherwise permitted under the Credit Agreement, the Company shall not without the prior written consent of the Collateral Agent:

- (a) create or permit to arise or to subsist any Encumbrance upon the whole or any part of the Charged Assets other than this Security and, without prejudice to the foregoing, any Encumbrance hereafter created by the Company (otherwise than in favour of the Collateral Agent) shall be, and be expressed to be, subject to and rank behind this Security; or
- (b) part with, sell or dispose of all of the Charged Assets or (except (i) by way of sale in the ordinary course of its business as carried on at the date of this Debenture and (ii) in respect of cash in the Company's trading accounts used or to be used in the ordinary course of its business) any part of the Charged Assets which are charged by way of floating charge pursuant to Clause 3.1(b).

4. **PERFECTION OF SECURITY AND FURTHER ASSURANCE**

The Company shall, when required by the Collateral Agent (whether before or after this Security becomes enforceable), take all such action necessary and execute and do all such mortgages, charges, transfers, assignments, assurances, instruments, notices, documents, acts and things and give such notices, orders or directions in such form or otherwise as the Collateral Agent may reasonably require or think expedient for :

- (a) maintaining, perfecting or protecting this Security;
- (b) further charging the Charged Assets in order to further secure the Obligations;
- (c) converting any floating charge forming part of this Security into a fixed charge in accordance with this Debenture;
- (d) assuring that the Company's assets will not be lost or dissipated other than as permitted in the Credit Agreement; or
- (e) effecting or facilitating the exercise by the Collateral Agent or any Receiver of its powers, authorities and discretions conferred on it or any Receiver hereby or by statute,

and shall from time to time when so required by the Collateral Agent produce to or deposit with the Collateral Agent during the continuance of this Security all deeds and documents of title relating to the Charged Assets or any of them.

5. **REPRESENTATIONS AND WARRANTIES BY THE COMPANY**

5.1 The Company hereby represents and warrants that:

- (a) except as otherwise permitted under the Loan Documents, it is, and will at all times during the subsistence of this Security be, the sole lawful and/or beneficial owner of all of the Charged Assets (other than cash in its current trading accounts) and has the right to charge the Charged Assets in the manner herein free from any Encumbrances other than for the security created by the Loan Documents;
- (b) its entry into and performance of this Debenture is for the Company's commercial interest and benefit;
- (c) except as otherwise permitted under the Loan Documents, it has not sold or granted any rights of pre-emption over or agreed to sell or grant any right of pre-emption over or otherwise disposed of or agreed to dispose of, the benefit of all or any of its right, title and interest in and to the Charged Assets or any part thereof;

- (d) it is not and is not deemed to be unable to pay its debts within the meaning of Section 178 of the Companies Ordinance nor will it be so deemed in consequence of its entering into this Debenture or any of the other Loan Documents;
- (e) all third party consents, authorisations and approvals required in connection with the execution, delivery, performance, validity, admissibility in evidence and enforceability of this Debenture have been obtained and are in full force and effect;
- (f) this Debenture creates the security it purports to create over the Charged Assets and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Company or otherwise;
- (g) it is the sole legal and/or beneficial owner of all of the issued share capital in the Subsidiaries;
- (h) the Leases have been entered into on terms and conditions materially no less favourable to the Company than could be obtained on an arm's length basis from unrelated third parties;
- (i) the Subsidiary Shares are and shall be at all times fully paid up; and
- (j) it is the sole legal and/or beneficial owner or licensee of all of its Intellectual Property including, without limitation, the intellectual property set out in Schedule 2 and it owns or is licensed to use all Intellectual Property material to its business as currently conducted.

5.2 The Collateral Agent has entered into this Debenture in reliance on the Company's representations and warranties in the Credit Agreement and in Clause 5.1. Each of the representations and warranties contained in Clause 5.1 (other than paragraph (g)) shall be deemed to be repeated by the Company on each day the representations and warranties contained in the Credit Agreement are repeated or deemed to be repeated as if made with reference to the facts and circumstances existing on each such day.

6. OBLIGATIONS OF THE COMPANY

6.1 During the continuance of this Security, the Company covenants that it shall:

- (a) notify the Collateral Agent promptly in writing of the occurrence of any event which results in any of the representations and warranties contained in Clause 5.1 being untrue in any material respect;
- (b) at all times give the Collateral Agent such information as the Collateral Agent may reasonably require for the purpose of the discharge of the powers, rights,

duties, trusts, authorities and discretions vested in it hereunder or by operation of law;

- (c) ensure that it is and remains the sole, lawful and beneficial owner of all of the Charged Assets free from any Encumbrances (other than as permitted under the Loan Documents);
- (d) indemnify the Collateral Agent and, as a separate covenant, any Receiver appointed by it hereunder against all Taxes and outgoings whatever (whether imposed by deed or statute or otherwise and whether in the nature of capital or revenue and even though of a wholly novel character) now or at any time during the continuance of this Security payable in respect of the Charged Assets or any part thereof. Any such sums paid or incurred by the Collateral Agent or any such Receiver shall form part of the Obligations;
- (e) insure and keep insured all of the Charged Assets in accordance with, and comply with its obligations under, Section 5.07 of the Credit Agreement. In accordance with the provisions of the Credit Agreement relating to the use by the Company of insurance proceeds, (a) prior to the occurrence of an Event of Default, all moneys to be received by virtue of any of the insurances shall be applied either in replacing, restoring or reinstating the undertaking, property and assets or part thereof destroyed or damaged or in prepayment and/or reduction of the Obligations as contemplated in the Credit Agreement (and pending such application, the proceeds may be placed by the Collateral Agent in a suspense account), (b) upon and after the occurrence of an Event of Default, all moneys to be received by virtue of any of such insurances shall be applied by the Collateral Agent in prepayment and/or reduction of the Obligations (and pending such application, the proceeds may be placed by the Collateral Agent in a suspense account);
- (f) deal with the proceeds of any Debts in the ordinary course of its business unless an Event of Default has occurred, in which case, deal with them in accordance with the Collateral Agent's written directions from time to time and hold the proceeds of the same in trust for the Collateral Agent;
- (g) except as otherwise permitted under the Credit Agreement, not without the prior written consent of the Collateral Agent sell, charge, assign, factor or discount any of the Debts or any securities in respect of the Debts or moneys received or recoverable in respect of the Debts in favour of any other person or effect or permit any release, exchange, compounding or set off in respect of the same or otherwise deal with any of the same;
- (h) on execution of this Debenture, provide the Collateral Agent a signed but undated notice of the charge over each of the Leases (and such other Charged Assets subject to the fixed charge created under Clause 3.1(a) as the Collateral Agent may require) substantially in the form set out in Part I of Schedule 3 and shall, if

requested to do so by the Collateral Agent, procure that such notice is acknowledged by the relevant persons substantially in the form set out in Part II of Schedule 3. Without prejudice to any of its other rights under the Loan Documents, the Collateral Agent may only give notice as referred to in paragraph 4 of Part I of Schedule 3 if an Event of Default has occurred;

- (i) keep the Collateral Agent fully informed at all times of the full and up to date particulars of all real property held by the Company and of any proposed sales or purchases of real property by or by order of the Company;
- (j) provide the Collateral Agent with a copy of every notice, order, licence, direction, consent or permission affecting or relating to the real property comprised in the Charged Assets which is or may be regarded to be material to the Collateral Agent's rights under this Security or to all or any of the Charged Assets, forthwith upon receipt thereof by the Company;
- (k) if it has not already done so, deposit with the Collateral Agent all certificates and other documents of title or evidence of ownership in relation to the Subsidiary Shares;
- (l) in relation to the Intellectual Property:
 - (i) do all things necessary to keep and preserve its rights in force;
 - (ii) take such steps as are necessary (including instituting legal proceedings) to prevent third parties from infringing its rights; and
- (m) perform all the obligations on its part contained in any Lease or leases comprised within the Charged Assets and not do or permit to be done any act as a result of which any Lease or such leases may become liable to forfeiture or otherwise be determined.

6.2 The Company shall, to the extent that any of the following may still be performed or capable of being performed by the Company for any reason:

- (a) permit the Collateral Agent and its nominees, at any time this Security becomes and continues to be enforceable, to exercise or cause to be exercised any voting rights and the powers and rights which may be exercisable by the person in whose name(s) any of the Subsidiary Shares are registered, in such manner as the Collateral Agent shall determine;
- (b) forward to the Collateral Agent copies of all notices, reports, accounts, circulars and other documents which are sent to the holders of the Subsidiary Shares, if any of these are received by the Company, which are or may be regarded to be material to the Collateral Agent's rights under this Security or to all or any of the Charged Assets;

- (c) not (without the prior consent in writing of the Collateral Agent):
- (i) to permit any person other than the Collateral Agent or any nominee of the Collateral Agent to be registered as a holder of any of the Subsidiary Shares or any part thereof; or
 - (ii) to sell, transfer or otherwise dispose of (other than to the Collateral Agent or a nominee of the Collateral Agent) any of the Subsidiary Shares or any interest therein or attempt or agree so to do, except as otherwise permitted under the Credit Agreement;
- (d) notwithstanding anything in this Debenture, remain liable to observe and perform all of the conditions and obligations in respect of any of the Subsidiary Shares and the Collateral Agent shall be under no obligation or liability by reason of or arising out of this Debenture, and in particular shall not be required in any manner, to perform or fulfill any obligations of the Company in respect of any of the Subsidiary Shares, or to make any payment, or to make any enquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or take any other action to collect or enforce the payment of any amount to which it may have been or to which it may be entitled hereunder at any time or times; and
- (e) pay duly and promptly all calls (if any) which may from time to time be made in respect of any unpaid moneys in respect of the Subsidiary Shares and any other moneys which the Collateral Agent may lawfully be required to pay in respect of any of the Subsidiary Shares and if an Event of Default occurs the Collateral Agent may, if it thinks fit, make such payments on behalf of the Company. If any money is so expended by the Collateral Agent by reason of the Collateral Agent being the registered owner of the Subsidiary Shares, the Company shall promptly indemnify and keep indemnified the Collateral Agent in full in respect of the same.

7. EVENT OF DEFAULT

This Security shall become enforceable by the Collateral Agent immediately upon the happening and continuance of any one or more Event(s) of Default.

8. ENFORCEMENT

- 8.1 At any time this Security becomes and continues to be enforceable, the Collateral Agent may without prejudice to any other rights it may have and without prior notice to the Company:

- (a) sell, call in, collect, convert into money or otherwise deal with or dispose of the Charged Assets or any part thereof on an instalment basis or otherwise and generally in such manner and upon such terms whatever as the Collateral Agent may think fit and the provisions of the Ordinance relating to and regulating the exercise of the said power of sale shall, so far as they relate to this Security, be varied and extended accordingly and, in particular, paragraph 11 of the Fourth Schedule to the Ordinance shall not restrict the exercise by the Collateral Agent of the statutory power of sale conferred on it by the Ordinance;
- (b) exercise any and all powers which a Receiver could exercise; and
- (c) appoint by writing any person or persons to be a Receiver of all or any part of the Charged Assets, from time to time determine the remuneration of the Receiver and remove the Receiver (except where an order of the Court is required therefor) and appoint another in place of any Receiver, whether he is removed by the Collateral Agent or an order of the Court or otherwise ceases to be the Receiver or one of two or more Receivers. Every such appointment or removal, and every delegation, appointment or removal by the Collateral Agent in the exercise of any right to delegate its powers or to remove delegates herein contained, may be made either by deed or by instrument in writing under the hand of any officer of the Collateral Agent or any person authorised in writing in that behalf by any such officer, provided that the Collateral Agent shall promptly take steps to remove any such Receiver upon this Security no longer being enforceable.

8.2 Every Receiver for the time being holding office by virtue of an appointment made by the Collateral Agent hereunder shall (subject to any limitations or restrictions expressed in the deed or other instrument appointing him but notwithstanding any winding-up or dissolution of the Company) have, in relation to the Charged Assets, or as the case may be, that part of the Charged Assets in respect of which he was appointed:

- (a) all the powers (as varied and extended by the provisions hereof) conferred by the Ordinance or otherwise by law on mortgagees (whether or not in possession) and receivers appointed under the Ordinance; and
- (b) power in the name or on behalf and at the cost of the Company which is the beneficial owner of such Charged Assets to exercise all the powers and rights of an absolute owner and do or omit to do anything which the Company itself could do.

8.3 The Receiver shall be the agent of the Company (which shall alone be personally liable for the Receiver's acts, defaults and remuneration) and in particular by way of addition to but without prejudice to any of the foregoing, such Receiver shall have the following additional powers:

- (a) power to take possession of, collect and get in the Charged Assets;

- (b) power to sell (by public auction, private contract or otherwise), lease or otherwise dispose of or concur in selling, leasing, accepting surrenders or otherwise disposing of the whole or any part of the Charged Assets in such manner and generally upon such terms and subject to such covenants and conditions granted or undertaken in the name of the Company as he shall think fit, and in making any sale or other disposal of any of the Charged Assets in the exercise of their respective powers the Receiver or the Collateral Agent may accept, as and by way of consideration for such sale or other disposal, 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 be receivable in a lump sum or by instalments and upon receipt by the Receiver shall ipso facto be and become charged with the payment of the Obligations. Any contract for any such sale or other disposal by the Receiver or the Collateral Agent may contain conditions excluding or restricting the personal liability of the Receiver or the Collateral Agent (save for gross negligence, fraud or wilful misconduct);
- (c) power to demand and recover all the income in respect of any of the Charged Assets by action, distress or otherwise in the name of either of the Company or the Collateral Agent to the full extent of the estate or interest which the Company could dispose of and to give effectual receipts accordingly for the same;
- (d) power to borrow from the Collateral Agent or others on such terms (with or without security) as he or the Collateral Agent shall think fit and so that, with the prior written consent of the Collateral Agent, any such security may be or include a charge on the whole or any part of the Charged Assets ranking wholly or partly in priority to or pari passu with this Security;
- (e) power to make any arrangement or compromise of claims or enter into any contracts in respect of the Charged Assets as he shall think fit;
- (f) power to effect and renew insurances relating to the Charged Assets;
- (g) power to employ, engage and appoint such managers and other employees and professional advisers on such terms as he shall think fit including without limitation power to engage his own firm in the conduct of the receivership;
- (h) power to carry out all repairs, developments, improvements and other things which he or the Collateral Agent shall consider necessary or appropriate in respect of the Charged Assets;
- (i) power to sever any fixtures and fittings from any real property, and sell the same separately without the consent of the Company being obtained thereto;

- (j) power to make to the exclusion of the directors' power in that behalf, calls conditionally or unconditionally in respect of the uncalled capital of the Company and to enforce the same;
- (k) power to exercise all voting and other rights attaching to stocks, shares and other securities owned by the Company;
- (l) power to grant any option or licence over all or any part of the Charged Assets;
- (m) power to carry on or authorise or concur in carrying on the business of the Company in relation to the Charged Assets or any part thereof and to manage and conduct the same and for such purposes to raise money on the security of the Charged Assets or part thereof or interest thereon in priority to this Security or otherwise and at such rate 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 see to the application of any moneys so raised or borrowed provided that a Receiver shall not exercise this power without first obtaining the written consent of the Collateral Agent;
- (n) power to promote the formation of companies with a view to the same purchasing all or any of the Charged Assets or otherwise;
- (o) power to retain out of any money received by him his remuneration and all cost, charges and expenses properly incurred by him as Receiver;
- (p) power to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or to any of the matters or powers aforesaid; and
- (q) power to exercise any of the above powers on behalf of and in the name of the Company (notwithstanding any liquidation of the Company) or on his own behalf.

8.4 The following provisions as to the appointment, powers, rights and duties of a Receiver shall have effect in the event of the Collateral Agent appointing a Receiver pursuant to Clause 8.1:

- (a) such appointment may be made either before or after the Collateral Agent shall have entered into or taken possession of the Charged Assets or any part thereof;
- (b) such Receiver may (at the absolute discretion of the Collateral Agent) be appointed either receiver of all the Charged Assets or of such part or 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 every reference

therein to the Charged Assets were limited to the part or parts of the Charged Assets so specified;

- (c) such Receiver or Receivers may be vested by the Collateral Agent with such powers and discretions, including powers of management, as the Collateral Agent may think expedient;
- (d) unless otherwise directed by the Collateral Agent, any Receiver may exercise all the powers and authorities vested in the Collateral Agent hereunder;
- (e) 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 Collateral Agent provided that no person dealing with such Receiver shall be concerned to enquire whether such Receiver has so conformed to such regulations or directions;
- (f) the Collateral Agent may from time to time and at any time require any such Receiver to give security for the due performance of his duties as a receiver and may fix the nature and amount of the security to be so given, but the Collateral Agent shall not be bound in any case to require any such security;
- (g) save so far as otherwise directed by the Collateral Agent, all monies from time to time received by such Receiver shall be paid over to the Collateral Agent to be held by the Collateral Agent on the trusts herein declared of and concerning moneys which arise from any letting, leasing, sale, calling in, collection, conversion or other dealing with the Charged Assets;
- (h) the Collateral Agent 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 Collateral Agent 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 a receiver;
- (i) every such Receiver shall be the agent of the Company for all purposes and the Company alone shall be responsible for his acts and defaults, loss or misconduct (save in the case of gross negligence, fraud or wilful misconduct) and for the payment of his remuneration, and the Collateral Agent shall not incur any liability therefor by reason of the Collateral Agent appointing him as a receiver or otherwise;
- (j) any Receiver may act in his own name or in the name of the Collateral Agent;
- (k) every Receiver, attorney, manager, agent or other person appointed by the Collateral Agent 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 of this

Debenture and against all actions, proceedings, claims and demands in respect of any matter or thing done or omitted in any way relating to the Charged Assets and the Collateral Agent may retain and pay out of any money in its hands arising from the terms and conditions of this Debenture all sums necessary to effect such indemnity and all such sums shall be a charge on the Charged Assets;

- (l) where more than one Receiver is appointed in accordance with the provisions herein contained any reference in this Debenture 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; and
- (m) the foregoing powers of appointment of a Receiver shall be and remain exercisable by the Collateral Agent in respect of any part of the Charged Assets in respect of which no appointment of a Receiver by the Collateral Agent shall from time to time be subsisting and notwithstanding that an appointment under the provisions of this Clause shall have subsisted and been withdrawn in respect of that property or shall be subsisting in respect of any other part of the Charged Assets.

8.5 Neither the Collateral Agent nor any Receiver shall by reason of entering into possession of the Charged Assets or any part thereof be liable to account as mortgagee in possession or for any default or omission of any nature whatsoever for which a mortgagee in possession might be liable, or be liable for any loss or damage occasioned by or upon realisation or for any diminution in value happening in or about the exercise of any power conferred hereby or by statute and the Company shall not have any right or action or claim against the Collateral Agent or any Receiver on the grounds that a better price could or might have been obtained on any such realisation, sale or disposal or for any Event of Default or omission of any nature whatsoever for which a mortgagee in possession might be liable. The Company agrees with the Collateral Agent that it will not sue the Receiver in respect of any of the matters referred to above.

8.6 No person dealing with the Collateral Agent or its agent or any Receiver appointed hereunder or with its or his attorneys or agents shall be concerned to enquire:

- (a) whether any event has occurred to authorise the Receiver to act or the security hereby constituted has become enforceable or be concerned with notice to the contrary;
- (b) whether the power exercised or purported to be exercised has become exercisable;
- (c) whether any moneys remain due under any Loan Document or any other Obligations are outstanding; or

(d) 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, dealing, collection, conversion or power exercised or to see to the application of any money paid to the Collateral Agent or to any Receiver or its or his attorneys or agents, and in the absence of fraud 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 Company in respect of any irregularity or impropriety whatsoever in the exercise of such powers shall be in damages only.

8.7 Upon any such letting, leasing, sale, calling in, collection or conversion as aforesaid and upon any other dealing or transaction under the provisions herein contained the receipt of the Collateral Agent or any Receiver for the rent or proceeds thereof 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.

8.8 The Collateral Agent or any Receiver so appointed shall hold the moneys arising from any such letting, leasing, sale, calling in, collection, conversion or dealing under the powers herein contained and all moneys received under any powers hereby conferred upon the Collateral Agent or upon any Receiver after the security hereby created has become enforceable upon trust to be applied (subject to the payment of any claims having priority to this Debenture) in the following order:

- (a) if any Charged Asset is sold subject to a prior Encumbrance, in discharge of that prior Encumbrance;
- (b) in payment of the Receiver's lawful remuneration, costs, charges and expenses and all lawful costs and expenses properly incurred in the sale or other dealing; and
- (c) in payment of the Obligations, and any residue shall be paid to the person who immediately before any sale or other dealing was entitled to the Charged Assets or authorised to give a receipt for the proceeds of the sale of the Charged Assets.

8.9 The power to appoint a Receiver conferred herein or by statute shall be and remain exercisable by the Collateral Agent notwithstanding any prior appointment in respect of all or any part of the Charged Assets.

8.10 The Company declares that at any time this Security becomes and continues to be enforceable, it will hold the Charged Assets (subject to the Company's right of redemption) upon trust to convey, assign or otherwise deal with the same in such manner and to such person as the Collateral Agent shall direct and declares that it shall be lawful for the Collateral Agent by an instrument under its common seal to appoint a new trustee or trustees of the Charged Assets and in particular but without limitation at any time or times to appoint a new trustee or trustees thereof in place of the Company.

9. ADDITIONAL POWERS AND RIGHTS

- 9.1 The Collateral Agent shall have the right at its complete discretion to give time or indulgence to or compound with and to make such other arrangement of whatsoever nature as it shall see fit with the Company or any other person without prejudice to the Company's liability hereunder or the Collateral Agent's right and title to the Charged Assets and any moneys received by the Collateral Agent from any other person may be applied by the Collateral Agent to any account or transaction of such person or otherwise as the Collateral Agent shall think fit.
- 9.2 At any time this Security becomes and continues to be enforceable, the Collateral Agent may redeem any prior Encumbrance or procure the transfer thereof to itself and may settle and pass the account or accounts of the encumbrancer and any account so settled and passed shall be conclusive and binding on the Company and all moneys paid by the Collateral Agent to the encumbrancer in accordance with such accounts shall as from such payment be due from the Company to the Collateral Agent and shall form part of the Obligations.
- 9.3 At any time this Security becomes and continues to be enforceable, the Collateral Agent or a Receiver may (but shall not be obliged to) do any such thing and incur any such expenditure as the Collateral Agent or such Receiver shall in its sole discretion consider necessary to remedy each or any default by the Company and to protect or realise this Security or its interests under this Debenture and in particular (but without limitation) may enter upon the Company's property and may pay any moneys which may be payable in respect of any of the Charged Assets and any moneys expended in so doing by the Collateral Agent or Receiver shall be deemed an expense properly incurred and paid by the Collateral Agent and the Company shall reimburse the same on demand to the Collateral Agent.
- 9.4 If the Company shall without the prior written agreement of the Collateral Agent create or permit to arise or subsist any Encumbrance (save as created hereunder) affecting the Charged Assets, the Collateral Agent may open a new account for the Company, and if the Collateral Agent does not in fact open such new account it shall nevertheless be treated as if it had done so at the time when it received notice of such Encumbrance and as from that time all payments made by or on behalf of the Company to the Collateral Agent shall be credited or be treated as having been credited to the new account and such payments shall not operate to reduce the amount due from the Company to the Collateral Agent at the said time (but this Clause shall not prejudice any security which apart from this Clause the Collateral Agent would have had for the discharge by the Company of liabilities or obligations incurred after that time).
- 9.5 At any time this Security becomes and continues to be enforceable, the Collateral Agent may at any time without prior notice and without prejudice to any other rights of the Collateral Agent transfer all or any part of any balance in whatever currency standing to

the credit of any account in the books of the Collateral Agent relating to the Company (whether alone or jointly with others and whether in the name of the Company or the Collateral Agent) to any other such account which may be in debit and may combine and consolidate all or any of such accounts for the time being of the Company with the Collateral Agent and/or set off any moneys or other assets which the Collateral Agent may at any time hold for or for the account of the Company in whatever currency and in whatever capacity against the Company's liability (whether joint or several or as principal, agent or trustee) under or secured by this Debenture.

- 9.6 All moneys received, recovered or realised by the Collateral Agent under this Security may at the sole discretion of the Collateral Agent be credited by the Collateral Agent to any suspense or impersonal account pending the application from time to time of such moneys and accrued interest thereon at the rate if any agreed in writing between the Company and the Collateral Agent from time to time (as the Collateral Agent shall be entitled to do in its discretion) in or towards the discharge of any of the Obligations.

10. INDEMNITY

The Company hereby agrees to indemnify and hold harmless the Collateral Agent and any Receiver from and against all actions, claims, expenses, demands and liabilities now or hereafter brought against or incurred by either or both of them, or against or by any person for whose act or omission either or both of them may be liable, resulting directly or indirectly from any breach or non-observance by the Company of any of the provisions of this Debenture or any payment in respect of provisions of this Debenture or any payment in respect of the Obligations (whether made by the Company or a third party) being set aside or declared void for any reason. The Collateral Agent shall be entitled so to indemnify and hold harmless the Receiver on behalf of the Company which shall re-imburse the Collateral Agent accordingly. The Company's liability to the Collateral Agent under this Clause 10 shall form part of the Obligations. This Clause 10 will not cover the Collateral Agent for any actions, claims, expenses, demands and liabilities directly caused by its gross negligence or wilful misconduct.

11. APPLICABLE RATE OF EXCHANGE

All moneys received or held by the Collateral Agent or by a Receiver under this Debenture may from time to time be converted into such other currency as the Collateral Agent or that Receiver considers necessary to cover the Obligations in that currency at the then prevailing spot or other appropriate rate of exchange of the Collateral Agent (as it conclusively determine in the absence of manifest error) for the currency acquired against the currency in which such moneys were received or held.

12. SET-OFF

The Company hereby authorises the Collateral Agent (but without obligation on the part of the Collateral Agent) at any time this Security becomes and continues to be enforceable without notice, to set off or apply any credit balance in any currency (whether or not matured) in any of its accounts with the Collateral Agent in or towards satisfaction of any sum at any time due and payable by it to the Collateral Agent under or in relation to any Loan Document.

13. COSTS AND EXPENSES

The Company shall pay or reimburse to the Collateral Agent or the Receiver (as the case may be), on demand all reasonable costs, charges and expenses incurred and all other money paid by any of them in connection with the preparation and execution of this Debenture and the exercise by any of them of their rights, powers and discretions under this Debenture, the administration of this Debenture, the protection and the enforcement of this Security and the payment of the Obligations or any other sum due from the Company to the Collateral Agent including without limitation all remuneration and expenses payable to the Collateral Agent or Receiver, and all stamp and other duties and Taxes (if any) to which this Debenture and any other document executed in connection herewith may be subject; and all of the foregoing shall be deemed expenses properly incurred and paid by the Collateral Agent hereunder and shall form part of the Obligations.

14. POWER OF ATTORNEY

14.1 The Company by way of security hereby irrevocably appoints the Collateral Agent and any Receiver severally to be its attorney in its name and on its behalf, effective upon and during such time that this Security becomes and continues to be enforceable:

- (a) to execute and complete any documents or instruments which the Collateral Agent or such Receiver may require for perfecting the title to the Charged Assets or for vesting the same in the Collateral Agent, its nominees or any purchaser;
- (b) to sign, execute, seal and deliver and otherwise do any thing to perfect any further security document or instrument referred to in Clause 4; and
- (c) otherwise generally to sign, seal, execute and deliver all deeds, assurances, agreements and documents and to do all acts and things which may be required for the full exercise of all or any of the powers conferred on the Collateral Agent or a Receiver under this Debenture or which may be deemed expedient by the Collateral Agent or a Receiver (whose opinion shall be conclusive and binding) in connection with any disposition, realisation or getting in by the Collateral

Agent or such Receiver of the Charged Assets or any part thereof or in connection with any other exercise of any power under this Debenture.

14.2 The Company hereby ratifies and confirms and agrees to ratify and confirm all acts and things which any attorney as is mentioned in Clause 14.1 shall do or purport to do in the exercise of his powers under Clause 14.1.

14.3 The Collateral Agent shall have full power to delegate the power conferred on it by Clause 14.1, but no such delegation shall preclude the subsequent exercise of such power by the Collateral Agent itself or preclude the Collateral Agent from making a subsequent delegation thereof to some other person; and any such delegation may be revoked by the Collateral Agent at any time.

15. GENERAL

15.1 No failure or delay by the Collateral Agent in exercising any right, power or privilege under this Debenture shall operate as a waiver thereof, nor shall any single or partial exercise by the Collateral Agent of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

15.2 Any release, settlement or discharge between the Company and the Collateral Agent shall be conditional upon no security or payment made or given to the Collateral Agent being avoided, reduced, set aside or rendered unenforceable by virtue of any provision or enactment now or hereafter in force relating to bankruptcy, insolvency or liquidation and if any such security or payment shall be avoided, reduced, set aside or rendered unenforceable the Collateral Agent shall be entitled to recover the full amount or value of any such security or payment from the Company and otherwise to enforce this Debenture as if such release, settlement or discharge had not taken place.

15.3 A certificate signed by an officer of the Collateral Agent as to the amount at any time of the Obligations or any part thereof or any interest accrued thereon shall be binding and conclusive on the Company in the absence of manifest error.

15.4 This Security:

- (a) shall be a continuing security and shall not be considered satisfied by any intermediate payment or settlement of account or otherwise but shall remain in force until all the Obligations shall have been paid or discharged in full;
- (b) shall not prejudice or be prejudiced by any other security held by any Secured Party at any time or any right any Secured Party might have against any other person in respect of the Obligations or any part thereof; and

(c) shall not be affected or discharged by the taking, holding, varying, non-enforcement or release by any Secured Party of any other security for all or any of the sums payment of which is hereby covenanted to be made or is hereby secured, or by any other thing done or omitted or neglected to be done by any Secured Party in relation to any such other security, and is in addition to and not in substitution for any other security which such Secured Party may at any time hold for the payment of such moneys or any of them and may be enforced without first having recourse to any such other security.

15.5 If any one or more of the provisions contained in this Debenture shall be invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

15.6 No provisions 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.

16. NOTICES

16.1 Any notice or other communication served, given or made under this Debenture will be in writing and, without prejudice to the validity of any other method of service, may be delivered personally or by courier or sent by facsimile transmission or by first-class prepaid mail, addressed as follows:

(a) if to the Company, to:

Address: 14th Floor, QPL Industrial Building
138 Texaco Road
Tsuen Wan
New Territories
Hong Kong
Facsimile transmission number: (852) 2407 4056
Attention: Terry Scandrett;

(b) if to the Collateral Agent, to:

Address: 20/F Chase Manhattan Bank Tower
Grand Central Plaza I
138 Rural Committee Road
Shatin, New Territories
Hong Kong
Facsimile transmission number: (852) 2504 4687 and
(852) 2685 5221
Attention: William Kwok and Ryan Lee;

or to any other address or facsimile transmission number in Hong Kong, or person for whose attention the communication is to be addressed, as the relevant addressee may substitute by notice to the other party to this Debenture.

- 16.2 Any notice or other communication will be deemed to be delivered, duly given or made to a person (i) in the case of posting, within 2 Business Days (in the case of local posting) or 5 Business Days (in the case of airmail to another country) after being put in the post postage prepaid and addressed to that person at the relevant address; or (ii) in the case of delivery, when left at the relevant address; or (iii) in the case of a facsimile transmission, on receipt by that person during ordinary business hours in the place of receipt of the substantially complete text in legible form; provided that any notice or other communication to be served, given or made to any person will be effective only when received on its behalf by the person(s) for whose attention the documents are to be marked in accordance with paragraph (b) of Clause 16.1 (or any other person or department as may from time to time be specified for that purpose).
- 16.3 All notices, certificates and other documents and communications given or made under or in connection with this Debenture will be in the English language.

17. ASSIGNMENT AND PARTICIPATION

- 17.1 This Debenture shall be binding upon and enure to the benefit of each party hereto and its permitted assigns, except that the Company may not assign or transfer any of its rights or benefits hereunder.
- 17.2 If any Secured Party assigns or transfers the whole or any part of its rights or obligations under the Credit Agreement, it may also assign or transfer the whole or the appropriate portion of its rights or obligations hereunder to such assignee or transferee, in which event references herein or therein to that Secured Party shall thenceforth be deemed to include a reference to such assignee to the extent of its interests and the assignee shall have the same rights as it would have had if it had been a Secured Party to that extent at the time of the execution of this Debenture and the creation of the floating charge herein contained.
- 17.3 The benefit of this Debenture shall be assignable or transferable by the Secured Parties, without regard to any set-off, counterclaim or equities between the Company and any Secured Party or any intermediate holder.

18. GOVERNING LAW

- 18.1 This Debenture shall be governed by and construed in all respects in accordance with Hong Kong law and it is irrevocably agreed for the exclusive benefit of the Collateral Agent that the courts of Hong Kong are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Debenture and that accordingly

any suit, action or proceeding arising out of or in connection with this Debenture (in this Clause referred to as "**Proceedings**") may be brought in such courts. Nothing in this Clause shall limit the right of the Collateral Agent to take the Proceedings against the Company in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

- 18.2 To the extent that the Company may be entitled in any jurisdiction to claim for itself or any of its property or assets immunity in respect of its obligations under this Debenture from service of process, jurisdiction, suit, judgment, execution, attachment (whether before judgment, in aid of execution or otherwise) or legal process or to the extent that in any jurisdiction there may be attributed to it or all or any of its property or assets immunity of that kind (whether or not claimed), the Company irrevocably agrees not to claim and irrevocably waives that immunity to the fullest extent permitted by the laws of that jurisdiction.

IN WITNESS WHEREOF this Debenture has been duly executed as a deed by all the parties hereto the day and year first above written.

SCHEDULE 1

LEASES

<u>Property</u>	<u>Parties</u>
<p>1. 7th Floor, 8th Floor, 9th Floor, 10th Floor, 11th Floor, 12th Floor,</p> <p>Workshops 1, 2, 3, 4, 5, 6 on 13th Floor,</p> <p>Workshops 1, 3, 4, 5, 6 on 14th Floor, 15th Floor,</p> <p>Workshops 3, 4, 7, 8 on 16th Floor, 18th Floor, 19th Floor,</p> <p>22nd Floor, and</p> <p>Workshops 3, 4, 7, 8 on 23rd Floor of QPL Industrial Building, 126-140 Texaco Road, Tsuen Wan, New Territories, HK</p> <p>Portions of 1st Floor including Car Parking Spaces Nos. 1 to 40 (both inclusive) (which portions are designated as Car Parking Spaces Nos. 1, 5, 6, 9, 12, 13, 15, 16, 19, 20, 21, 27, 28, 30, 31, 32, 35, 36, 38, 39, 40, 40A, 41, 43, 46, 49, 58 and 62 on 1st Floor and more particularly shown on the 1st Floor plan annexed to the Lease referred to above in this Schedule and coloured pink) of the Building</p>	<p>Lease between ASAT Limited as tenant and Sanwah Group Limited as Landlord</p>
<p>2. Portions of Workshops 3, 4, 7 and 8 on 16th Floor of QPL Industrial Building, 126-140 Texaco Road, Tsuen Wan, New Territories, Hong Kong</p>	<p>Licence Agreement between ASAT Limited as licensor and QPL Holdings Limited as licensee.</p>

SCHEDULE 2
INTELLECTUAL PROPERTY
ASAT Limited

Patents

	<u>Title</u>	<u>Country</u>	<u>Serial No.</u>	<u>Filing Date</u> (dd.mm.yy)	<u>Patent No.</u>	<u>Issue Date</u>
1.	High Power Dissipation Plastic Encapsulated Package for Integrated Circuit Die	USA	07/740,555	05.08.91	N/A	
2.	Thermally Enhanced Package	N/A	N/A	N/A	N/A	
3.	High Power Dissipation Plastic Encapsulated Package for Integrated Circuit Die	USA	07/981,927	N/A		
4.	High Power Plastic Encapsulated Package for Integrated Circuit Die	USA	08/348,288	30.11.94	5,596,231	21.01.97
5.	Tab Grid Array	USA	08/116,944	03.09.93	5,397,921	14.03.95
6.	Tab Grid Array	USA	08/814,819	11.03.97		
7.	Tab Grid Array	European Patent	94309762.6	23.12.94		
8.	Tab Grid Array	Japan	7-18645	11.01.95	2,769,296	10.04.98
9.	Tab Grid Array	Korea	128/1995	06.01.95	150,392	12.06.98
10.	Tab Grid Array	Malaysia	PI 9403546	28.12.94		
11.	Tab Grid Array	Singapore	9604467-2	23.02.96		
12.	Tab Grid Array	Taiwan	83112303	24.12.94	74,106	11.10.95
13.	Process for Assembling a Tab Grid Array Package for an Integrated Circuit	USA	08/201,869	25.02.94	5,409,865	25.04.95
14.	Tab Grid Array	USA	08/814,820	11.03.97		
15.	Molded Plastic Package with Heat Sink and Enhanced Electrical Performance	USA	08/116,305	03.09.93		
16.	Structure and Method for Automated Assembly of a Tab Grid Array Package	USA	08/585,134	08.01.96	5,843,808	01.12.98
17.	Adhesive Integrated Circuit Assembly	USA	09/184,787	02.11.98		
18.	Integrated Carrier Ring/Stiffener and Method for Manufacturing a Flexible Integrated Circuit Package	USA	09/020,903	05.02.98		
19.	Integrated Heat Spreader	USA				
20.	Modified Expansion Flip Chip Package	N/A				

	<u>Title</u>	<u>Country</u>	<u>Serial No.</u>	<u>Filing Date</u> (dd.mm.yy)	<u>Patent No.</u>	<u>Issue Date</u>
21.	Method for Providing a Conductor Pattern in a TAB Tape with Minimum Bussing Tails	N/A				
22.	A Die-up Tape Ball Grid Away (TBGA)	N/A				
23.	A Low-Cost molded Tape Ball Grid Array (TBGA)	N/A				
24.	Flip Chip Package with Low Cost Perimeter Flip Bumps	N/A				
25.	Saw Singulated Leadless Plastic Chip Carrier	USA	09/095,803	10.06.98		
26.	Optimized Pad Lead Frame Design	USA	09/222,579	28.12.98		

Trademarks

	<u>Country</u>	<u>Mark</u>	<u>Class</u>	<u>Application No.</u>	<u>Application Date</u>	<u>Registration No.</u>	<u>Registration Date</u>
1.	Benelux	ASAT	40 and 42			588201	21.04.1995
2.	China	ASAT and Device	42			1085523	21.08.1997
3.	France	Asat	42			95 571 338	12.05.1995
4.	Germany	Asat	37 and 42			395 16 848	19.04.1995
5.	Hong Kong	ASAT and Device	40			7479 of 1997	24.07.1997
6.	Singapore	ASAT and Device	40	3861/96	29.04.1996		
7.	United Kingdom	Asat	42			2 018 371	31.01.1997
8.	United States	ASAT and Device	40			1,791,940	07.09.1993

Licenses

	Parties	Date	Title of Document	Patent Rights
1.	ASAT Inc. and ASAT Limited	01.06.1995	R&D Consulting Agreement and Assignment of Patent and Technology Rights [amended to "Technology Services Agreement" - see item 3 below]	US Patent Nos. 5,397,921; 5,409,865. US Patent Applications Nos. 07/740,555; 08/116,305; 08/348,288. European Patent Application No. 94309762.6. Japanese Patent Application No. 7-18645. Korean Patent Application No. 128/1995. Taiwan Patent Application No. 83112303. Malaysia Patent Application No. PI9403546. Proprietary knowledge in the development of electronic packaging Industry know-how in electronic packaging.
2.	ASAT Inc. and ASAT Limited	15.02.1996	Amendment to R&D Consulting Agreement	Tasks and objectives are defined.
3.	ASAT Inc. and ASAT Limited	15.11.1996	Second Amendment to R&D Consulting Agreement	Tasks and objectives are defined. The original name of the Agreement is changed to "Technology Services Agreement".
4.	ASAT Limited and VLSI Technology Inc.	30.10.1996	Patent License Agreement	ASAT US Patent Nos. 5,397,91 and 5,409,865. VLSI US Patent No. 5,420,460.

SCHEDULE 3

Part I

NOTICE OF CHARGE

[On the letterhead of the Company]

To: *[Name and address of party to the relevant document]*

Dear Sirs

1. We refer to the *[describe relevant document]* dated [*] (the "Contract") entered into between yourselves and ourselves.
2. We give you notice that we have charged by way of a first [fixed] charge to The Chase Manhattan Bank as agent and trustee for itself and various other financial institutions (the "Bank"), all of our right, title and interest in, to and under the Contract.
3. We confirm that subject to the terms of paragraph 4 below, irrespective of the terms of such charge, you may continue to treat us as entitled to exercise and enforce all of its rights, discretions and remedies under or in respect of the Contract unless and until you receive notice to the contrary from the Bank.
4. We irrevocably authorise and instruct you to pay any amount which may become due and payable to us under the Contract (including without limitation sums arising from any judgement) directly to *[insert account details]* unless and until you receive notice from the Bank to the contrary, in which event you should make all future payments as directed by the Bank.
5. We confirm that final and unconditional payment of an amount in accordance with paragraph 4 above will satisfy your obligation to pay the corresponding amount to us under the Contract.

References to this notice are to this notice and the Consent and Acknowledgement set out in Part II below and references to the Contract shall be construed as references to such Contract as amended or varied from time to time.

This notice (and its terms) may only be revoked by notice in writing from the Bank.

This notice is governed by and will be construed in accordance with Hong Kong law.

Please acknowledge receipt of this notice by signing and returning one copy of this notice (together with the Consent and Acknowledgement set out in Part II) to us and one copy to the Bank.

Yours faithfully

For and on behalf of
ASAT Limited

Part II

CONSENT AND ACKNOWLEDGEMENT

To: ASAT Limited
14th Floor., QPL Industrial Building
138 Texaco Road
Tsuen Wan, New Territories
Hong Kong
Attention: Terry Scandrett

The Chase Manhattan Bank
20/F Chase Manhattan Bank Tower
Grand Central Plaza 1
138 Rural Committee Road
Shatin, New Territories
Hong Kong
Attention: William Kwok and Ryan Lee

Dear Sirs

We acknowledge receipt of a notice of charge (the "Notice") dated [*] issued by ASAT Limited and :

1. acknowledge, consent to, and undertake to comply with its terms;
2. confirm that we have not received notice of the interest of any third party in the Contract referred to in the Notice; and
3. agree to make all payments due from us under the Contract to [account] or as the Bank may direct in accordance with the Notice and without set-off or counterclaim or deduction of any kind for any reason.

For and on behalf of

[*]

[Date]

The Company

The COMMON SEAL of
ASAT LIMITED
was affixed by

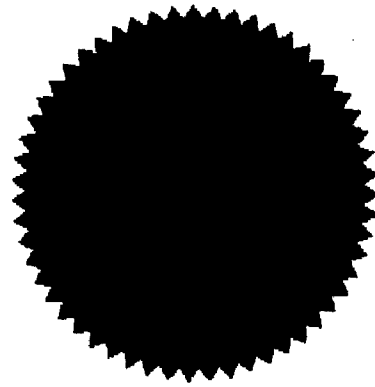
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hit by hkh.

duly authorised for and on behalf of
ASAT LIMITED
in the presence of:

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[Handwritten signature]



The Collateral Agent

SIGNED by

)
)

duly authorised for and on behalf of
THE CHASE MANHATTAN BANK
in the presence of:

)
)
)

Joseph J. Jany

[Handwritten signature]