

04-28-2004

Tab settings ⇨ ⇨ ⇨ ▼



To the honorable Commissioner of P

102731449

... original documents or copy thereof.

102731449

1. Name of conveying party(ies):
Natural Polymer International Corporation

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 _____

Execution Date: May 15, 2003

2. Name and address of receiving party(ies)

Name: Bismuth Investments Limited

Internal Address: _____

Street Address: 2nd Floor, Le Prince de Galles, 3-5 Avenue de Citroneeiers

City: Momnte Carlo State: Monaco Zip: 98000

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other British Virgin Island corporation

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

OFFICE OF PUBLIC RECORDS
 2004 APR 22 PM 1:47
 FINANCE SECTION

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

A. Trademark Application No.(s)
SEE ATTACHED EXHIBIT A

B. Trademark Registration No.(s)
SEE ATTACHED EXHIBIT A

Additional number(s) attached Yes No

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

Name: J. Colter Harris

Internal Address: Jackson Walker L.L.P.

Street Address: 901 Main Street, Suite 6000

City: Dallas State: TX Zip: 75202

6. Total number of applications and registrations involved: 20

7. Total fee (37 CFR 3.41) \$ 515.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____

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

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.

J. Colter Harris [Signature] April 21, 2004

Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 14

04/26/2004 L MUELLER 5502628/2500000
 00 FC: 0521
 02 FC: 0522

Mail documents to be recorded with required cover sheet information to:
 Commissioner of Patent & Trademarks, Box Assignments
 Washington, D.C. 20231

EXHIBIT A**U.S. Trademark Applications and Registration**

<u>Mark</u>	<u>App. No.</u>	<u>App. Date</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
AGILITY	<u>78/220,355</u>	02/28/2003		
AMIGO BONE	78/110,170	02/21/2002	2,787,576	11/25/2003
BONE-A-MINTS	76/295,224	08/07/2001	2,633,248	10/08/2002
BONE-A-RIFFIC & Design	78/117,916	03/27/2002		
Design Only	78/244,604	05/01/2003		
Design Only	75/415,853	01/09/1998	2,350,630	05/16/2000
GET UP&GO	78/244,253	05/01/2003		
GOLDEN BONE	75/925,677	02/22/2000	2,508,088	11/13/2001
GREENTEA BONE	78/230,645	03/27/2003		
GREENTEA HERBALS	78/230,639	03/27/2003		
GREENTEA/HERBALS	78/260,548	06/10/2003		
GREENTEA TREATS	78/230,647	03/27/2003		
HERBAL BONE	78/230,650	03/27/2003		
HERBAL TREAT	78/230,652	03/27/2003		
LIU CHAI	78/251,381	05/19/2003		
MEDI-BONE	76/139,241	10/03/2000	2,693,864	03/04/2003
MINTIES	78/116,819	03/22/2002	2,733,488	07/01/2003
N-BONE	75/644,527	03/22/1999	2,316,737	02/08/2000
NPIC	78/230,664	03/27/2003		
SENSIBELLY	78/244,244	05/01/2003		

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "*Agreement*") is made as of May 15, 2003 (the "*Effective Date*") by and between Natural Polymer International Corporation, a Delaware corporation (the "*Company*"), the parties listed on the Schedule of Secured Parties attached to this Agreement as Exhibit A (individually a "*Secured Party*" and collectively the "*Secured Parties*") and Technology Associates Management Company, Ltd., the representative of the Secured Parties (the "*Representative*").

RECITALS

A. Pursuant to a Note and Warrant Purchase Agreement dated of even date herewith between the Company and the Secured Parties (the "*Note Agreement*"), the Secured Parties have loaned funds to the Company in exchange for the issuance to the Secured Parties of certain secured promissory notes evidencing the Company's obligation to repay the Secured Parties' loans of such funds and warrants to purchase shares of the Company's capital stock. Terms defined in the Note Agreement shall have the same meanings when used herein unless otherwise defined.

B. The parties have agreed that the Company's obligations under such secured promissory notes will be secured by the Company's grant to the Secured Parties of a security interest in and to certain collateral, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

1. SECURITY.

1.1 Grant of Security Interest. As security for payment and performance of all Indebtedness (as defined below) of the Company to the Secured Parties when and as due, the Company hereby grants to the Secured Parties a security interest in the Collateral (as defined below). For purposes of this Agreement, "*Indebtedness*" means all obligations and liabilities of the Company to the Secured Parties under those certain secured promissory notes issued to the Secured Parties under the Note Agreement either on the Effective Date or in any "Subsequent Closing" (as defined in the Note Agreement) (the "*Notes*") and under this Agreement. Reference to the "Secured Parties" in the remainder of this Agreement shall include the subsequent holders of any of the Notes.

1.2 Collateral Defined. As used in this Agreement, the term "*Collateral*" means, collectively, those assets of the Company described in Exhibit B attached hereto.

1.3 Financing Statements. So long as any of the Indebtedness to the Secured Parties has not been fully satisfied, the Company will promptly execute and deliver to the Secured Parties such assignments, notices, financing statements or other documents and papers as any Secured Party may reasonably require in order to perfect and maintain the security interest in the Collateral granted to the Secured Parties hereby and to give any third party notice of the Secured Parties' interest in the Collateral. The Company will pay to the Secured Parties all expenses incurred by the Secured Parties in filing such assignments, notices, financing

D:\Documents and Settings\cmernard\Local Settings\Temporary Internet Files\OLK743\security agreement.5-13-03DOC.DOC

statements or other documents or papers (and any continuation statements or amendments thereto). Upon the full and final discharge of all of the Indebtedness, the Secured Parties will execute and deliver such documents as may be reasonably necessary and requested by the Company to release the Collateral from the security interest granted to the Secured Parties in this Agreement (the "*Release Documents*").

1.4 Priority among Investors. As between the Secured Parties, the rights granted hereunder will be held by each of the Secured Parties pro rata in accordance with the then-current amount of unpaid principal and accrued interest under all the then-outstanding Notes held by each of the Secured Parties, and on a *pari passu* basis of equal seniority and priority. In the event that any Secured Party is identified alone as the creditor or the secured party in any financing statement or similar document intended to perfect a security interest granted under this Agreement, such Secured Party will hold and exercise any rights arising therefrom in trust for the benefit of all Secured Parties on a pro rata, equal priority, *pari passu* basis as described above. Notwithstanding any other terms to the contrary in this Agreement, the Secured Parties hereby agree that rights granted under this Agreement will be exercised by them only in the manner decided by the written consent of Secured Parties holding more than fifty percent (50%) of the aggregate then-outstanding and unpaid principal amount of indebtedness under all of the then-outstanding Notes held by such Secured Parties.

1.5 Appointment of Representative. The Secured Parties hereby appoint the Representative to act as the agent, attorney-in-fact and representative of the Secured Parties to execute and deliver any and all documents (including without limitation any and all Release Documents), and to exercise any and all rights and remedies of the Secured Parties under this Agreement, by and on behalf of the Secured Parties; provided, however, that in the case of the exercise of any rights of Secured Parties, the Representative shall only act upon receipt of the written consent of the Secured Parties holding more than fifty percent (50%) of the aggregate then-outstanding and unpaid principal amount of indebtedness under all of the then-outstanding Notes. The Representative shall be protected in acting upon any written notice, request, waiver, consent, receipt or other paper or document furnished to him by the Company or any Secured Party, not only as to its due execution and validity and the effectiveness of its provisions, but also as to the truth and accuracy of any information therein contained, which he reasonably and in good faith believes to be genuine and what it purports to be. The Representative shall not be liable to the Secured Parties for any error of judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which he may do or refrain from doing in connection herewith, except as a result of his own willful misconduct. The Secured Parties shall indemnify the Representative for and hold him harmless against and from any loss, liability or expense incurred without willful misconduct on the part of the Representative arising out of or in connection with its entering into this Agreement and carrying out his duties hereunder, including the costs and expenses of defending himself against any claim of liability.

1.6 Termination. When all the Indebtedness has been paid in full and discharged, this Agreement and the security interest granted to the Secured Parties under this Agreement will terminate.

2-

D:\Documents and Settings\cmernard\Local Settings\Temporary Internet Files\OLK743\security agreement.5-13-03DOC.DOC

2. **REPRESENTATIONS AND WARRANTIES OF THE COMPANY.** The Company represents and warrants to the Secured Parties that, as of the Effective Date:

2.1 **No Liens.** There are no liens against, encumbrances on or any security interests granted in any assets of the Company as of the date of this Agreement. 2.2 **No Bankruptcy.** The Company is not subject to any bankruptcy case or insolvency proceedings before any court in any jurisdiction.

3. **COVENANTS OF THE COMPANY.** So long as any of the Indebtedness to the Secured Parties has not been fully satisfied, the Company covenants and agrees with the Secured Parties that:

3.1 **Condition of Collateral.** The Company will use reasonable commercial efforts to maintain the Collateral in good condition and repair.

3.2 **Taxes.** The Company will pay all taxes due and owing by the Company at such time as they become due.

3.3 **Insurance.** To the extent practicable, the Company will maintain fire and casualty insurance sufficient in amount (subject to reasonable deductibles) to allow it to replace any of the Collateral that might be damaged or destroyed.

3.4 **Location of Collateral.** The Company will not move or relocate any or all of the Collateral (except as provided in Section 3.5 below) to any location outside the State of Texas without the written consent of the Secured Parties holding more than fifty percent (50%) of the aggregate then-outstanding and unpaid principal amount of indebtedness under all of the then-outstanding Notes. Any notice provided by the Company relating to the movement of Collateral shall indicate in detail the description of the Collateral to be moved or relocated and the location(s) and address(es) to which such Collateral is to be moved.

3.5 **Disposition of Collateral.** The Company will not, without the written consent of the Secured Parties holding more than fifty percent (50%) of the aggregate then-outstanding and unpaid principal amount of indebtedness under all of the then-outstanding Notes, sell, lease, assign, transfer or otherwise dispose of the Collateral, any part thereof or any interest therein, or any of the Company's rights therein, to any person, entity or party other than the Secured Parties, except in the ordinary course of the Company's business or in amounts that are not, in the aggregate, material.

3.6 **Other Liens.** The Company will keep the Collateral free and clear of all liens, security interests, mortgages, claims, rights, encumbrances and restrictions of any kind except for statutory tax liens and those approved with the written consent of the Secured Parties holding more than fifty percent (50%) of the aggregate then-outstanding and unpaid principal amount of indebtedness under all of the then-outstanding Notes.

4. RIGHTS AND REMEDIES UPON EVENT OF DEFAULT.

4.1 General Remedies. In the event of an occurrence of any Event of Default (as that term is defined in the Notes), in addition to exercising any other rights or remedies the Secured Parties may have under the Notes, at law or in equity, or pursuant to the provisions of the Texas Uniform Commercial Code, the Secured Parties may (subject to Section 1.4), at their option, and without demand first made, exercise any one or all of the following rights and remedies: (i) collect the Collateral and its proceeds; (ii) take possession of the Collateral wherever it may be found, using all reasonable means to do so, or require the Company to assemble the Collateral and make it available to the Secured Parties at a place designated by the Secured Parties that is reasonably convenient to the Company; (iii) proceed with the foreclosure of the security interest in the Collateral granted herein and the sale or endorsement and collection of the proceeds of the Collateral in any manner permitted by law or provided for herein; (iv) sell, lease or otherwise dispose of the Collateral at public or private sale, with or without having the Collateral at the place of sale; (v) institute a suit or other action against the Company for recovery on the Notes or to obtain possession or effect a sale of the Collateral; (vi) exercise any rights and remedies of a secured party under the Texas Uniform Commercial Code; and/or (vii) offset, against any payment due from the Company to the Secured Parties, the whole or any part of any indebtedness of the Secured Parties to the Company.

4.2 No Election of Remedies. The election by the Secured Parties of any right or remedy will not prevent the Secured Parties from exercising any other right or remedy against the Company.

4.3 Proceeds. If an Event of Default occurs, all proceeds and payments with respect to the Collateral will be retained by the Secured Parties (or if received by the Company will be held in trust and will be forthwith delivered by the Company to the Secured Parties in the original form received, endorsed in blank) and held by the Secured Parties as part of the Collateral or applied by the Secured Parties to the payment of the Indebtedness.

4.4 Sales of Collateral. Any item of Collateral may be sold for cash or other value at public or private sale or other disposition and the proceeds thereof collected by or for the Secured Parties as provided in the Texas Uniform Commercial Code or under other applicable law. The Company agrees to promptly execute and deliver, or promptly cause to be executed and delivered, such instruments, documents, assignments, waivers, certificates and affidavits and supply or cause to be supplied such further information and take such further action as the Secured Parties may reasonably require in connection with any such sale or disposition. The Secured Parties will have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity is hereby waived or released. If any notice of a proposed sale, lease, license or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale, lease, license or other disposition. The Secured Parties agree to give the Company ten (10) days' prior written notice of any sale, lease, license or other disposition of Collateral (or any part thereof) by the Secured Parties.

4-

D:\Documents and Settings\cmenard\Local Settings\Temporary Internet Files\OLK743\security agreement.5-13-03DOC.DOC

4.5 Application of Proceeds. The proceeds of all sales and collections in respect of the Collateral, the application of which is not otherwise specifically herein provided for, will be applied as follows: (i) first, to the payment of the costs and expenses of such sale or sales and collections and the attorneys' fees and out-of-pocket expenses incurred by the Secured Parties relating to costs of collection; (ii) second, any surplus then remaining will be applied first, to the payment of all unpaid interest accrued under the Notes, and then to the payment of unpaid principal under the Notes; and (iii) third, any surplus then remaining will be paid to the Company.

5. GENERAL PROVISIONS.

5.1 Survival of Warranties. The representations, warranties and covenants of the Company contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of any of the Secured Parties.

5.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

5.3 Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the internal laws of the State of Texas, excluding that body of law applicable to conflicts of laws.

5.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Chief Executive Officer of the Company at the address set forth below, or at such other address as the Company may designate by ten (10) days advance written notice to the Investors. Any notice required to be delivered to an Investor shall be in writing and addressed to the Investor at the address for such Investor indicated on Exhibit A to this Agreement, or at such other address as such Investor may designate by ten (10) days advance written notice to the Company. All notices shall have been deemed to have been given or delivered upon: (i) personal delivery; (ii) in the case of deliveries within the United States, one (1) business day after deposit with any nationally recognized express courier (prepaid) specifying one (1) day delivery; or (iii) in the case of deliveries across international borders, three (3) business day after deposit with any internationally recognized express courier (prepaid) specifying delivery on as expedited a basis as is available using such courier. Initially, notices to the Company shall be addressed as follows:

Natural Polymer International Corporation
1111 Jupiter Road
Suite 100B

5-

D:\Documents and Settings\cmenard\Local Settings\Temporary Internet Files\OLK743\security agreement.5-13-03DOC.DOC

Plano, TX 75074
Attention: Chief Executive Officer

5.6 Amendments and Waivers. Any term of this Agreement may be amended with the written consent of the Company and the Secured Parties holding more than fifty percent (50%) of the aggregate then-outstanding and unpaid principal amount of indebtedness under all of the then-outstanding Notes (the "Majority Holders"). Any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), either individually by a Secured Party or upon the agreement of the Majority Holders. Any amendment or waiver effected in accordance with this Section 5.6 shall be binding upon each Secured Party. Waiver by the Majority Holders shall be binding upon all the Secured Parties. Investors (as defined in the Note Agreement) may become parties to this Agreement in accordance with Sections 2.2 and 2.3 of the Note Agreement without any amendment of this Agreement or any consent or approval of any other Secured Party.

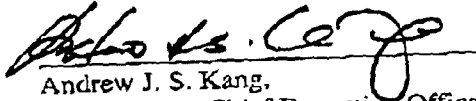
5.7 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

5.8 Further Assurances. From and after the date of this Agreement, upon the request of Secured Parties or the Company, the Company and the Secured Parties shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

[The remainder of this page has intentionally been left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

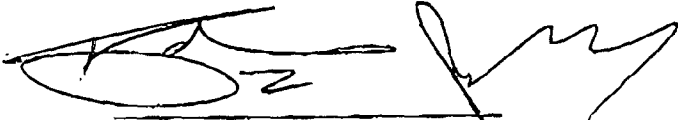
THE COMPANY:
Natural Polymer International Corporation
a Delaware corporation


Andrew J. S. Kang,
President and Chief Executive Officer

[SIGNATURE PAGE TO NPIC SECURITY AGREEMENT]

SECURED PARTY

For and on behalf of Bismuth Investments Ltd



Louise Garbarino, Tang Long Sing, Raymond
(Authorized Signatories)

[SIGNATURE PAGE TO NPIC SECURITY AGREEMENT]

EXHIBIT A**SCHEDULE OF SECURED PARTIES**

*Bismuth Investments Limited
2nd Floor, Le Prince de Galles
3-5 Avenue Des Citronniers
MC 98000
Monaco

Technology Associates Management Company, Ltd.
1111 Jupiter Road, #100B
Plano, Texas 75074

Tekkang Management Consulting Inc.
c/o TAMC
1111 Jupiter Road, #100B
Plano, Texas 75074

Notices Information

*with a copy to:

Springfield Financial Advisory Limited
22nd Floor, Hang Lung Centre
2-20 Paterson Street
Causeway Bay
HONG KONG
Attn: Alice Li
Facsimile: 852 2881 5741

and

McCarthy Legal Services
1188 Centre Street
Newton Centre, MA 02459 USA
Attn: Stephanie Monaghan O'Brien, Esq.
Facsimile: 617-244-2889
Telephone: 617-244-2800
Email: Stephanie_O'Brien@sfsnewton.com

D:\Documents and Settings\cmenard\Local Settings\Temporary Internet Files\OLK743\security agreement.5-13-03DOC.DOC

TRADEMARK

EXHIBIT B
COLLATERAL

The "Collateral" covered by this Financing Statement is all of Debtor's assets of whatever nature and wherever located, fixed or movable, tangible or intangible, including, without limitation, all of Debtor's "Accounts", "Chattel paper", "Collateral", "Commercial tort claims", "Commodity accounts", "Commodity contracts", "Deposit accounts", "Documents", "Electronic chattel paper", "Equipment", "Fixtures", "General intangibles", "Goods", "Health care insurance receivables", "Instruments", "Inventory", "Investment property", "Letter-of-credit rights", "Nonnegotiable certificates of deposit", "Payment intangibles", "Software", and "Tangible chattel paper, as each such term is defined in Chapter 9 of the "Texas Business and Commerce Code", as in effect from time to time (The "UCC"), including, without limitation, any and all intellectual property, copyrights, patents, know how, trademarks and tradenames owned by Debtor.

D:\Documents and Settings\cmenard\Local Settings\Temporary Internet Files\OLK743\security agreement.5-13-03DOC.DOC

03/05/2004 FRI 09:27 [TX/RX NO 7166] 012

TRADEMARK

RECORDED: 04/22/2004

REEL: 002956 FRAME: 0285