

Dated 2nd March, 2005

- (1) POON JING
  - (2) TEDDINGTON HOLDINGS LIMITED
  - (3) FULL SPEED INVESTMENTS LIMITED
  - (4) HESTON HOLDINGS LIMITED
  - (5) ASIA ORIENT HOLDINGS LIMITED
- and
- (6) TAI FOOK SECURITIES COMPANY LIMITED

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**PLACING AND SUBSCRIPTION AGREEMENT**

relating to

shares in the capital of

**ASIA ORIENT HOLDINGS LIMITED**

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**RICHARDS BUTLER**

20/F, Alexandra House

16-20 Chater Road

Central

Hong Kong

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**THIS AGREEMENT** is dated 2nd March, 2005 and made

**BETWEEN:**

1. **POON JING**, holder of Hong Kong Identity Card Number K326867(5) of 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong ("Mr. Poon");
2. **TEDDINGTON HOLDINGS LIMITED**, a company incorporated in British Virgin Islands and whose principal place of business is situated at P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands ("Teddington");
3. **FULL SPEED INVESTMENTS LIMITED** a company incorporated in British Virgin Islands and whose principal place of business is situated at P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands ("Full Speed");
4. **HESTON HOLDINGS LIMITED** a company incorporated in British Virgin Islands and whose principal place of business is situated at P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands ("Heston" who together with Mr. Poon, Teddington and Full Speed are hereafter referred to as the "**Vendors**" and each a "**Vendor**");
5. **ASIA ORIENT HOLDINGS LIMITED**, a company incorporated in Bermuda and whose principal place of business in Hong Kong is situated at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong (the "**Company**"); and
6. **TAI FOOK SECURITIES COMPANY LIMITED**, whose principal place of business in Hong Kong is at 25/F, New World Tower, 16-18 Queen's Road Central, Hong Kong (the "**Placing Agent**")

**WHEREAS:**

- (A) the Vendors have agreed to appoint the Placing Agent as placing agent for the purpose of procuring, as agent of the Vendors, purchasers for the Placing Shares (as defined below) on the terms and subject to the conditions set out in this Agreement;
- (B) the Vendors (together with persons acting in concert with each of them and their associates) are the beneficial owner of 71,122,611 Shares and the Vendors have agreed to sell an aggregate of 34,600,000 Shares on the terms and subject to the conditions set out in this Agreement; and
- (C) the Company has agreed to issue, and the Vendors have agreed to subscribe for, the Subscription Shares subject to and on the terms set out in this Agreement.

**THE PARTIES AGREE THAT:**

1. **INTERPRETATION**

1.1 **Definitions:** In this Agreement (including the Introduction):

"Associates"	the meaning given to that term in the Listing Rules;
"Audited Accounts Date"	31st March, 2004;
"Business Day"	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong;
"CCASS"	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited;
"Companies Ordinance"	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong);
"Completion"	completion of the Placing in accordance with Clause 4;
"Group"	the Company and its Subsidiaries and the expression "member of the Group" shall be construed accordingly;
"HK\$"	Hong Kong currency;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Interim Accounts Date"	30th September, 2004;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Placee"	any professional, institutional or individual investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent's obligations hereunder;
"Placing"	the offer by way of a private placing of the Placing Shares procured by the Placing Agent to select investors on the terms and subject to the conditions set out in this Agreement;
"Placing Announcement"	the press announcement in the agreed form proposed to be issued by the Company in substantially such form immediately following the execution of this Agreement;
"Placing Completion Date"	7th March, 2005 or such other date as the Vendors and the Placing Agent shall agree;

"Placing Period"	the period commencing upon the execution of this Agreement and terminating at 5:00 p.m. on the Business Day prior to the Placing Completion Date, unless terminated earlier pursuant to the terms of this Agreement;
"Placing Price"	the price of HK\$2.50 per Placing Share;
"Placing Shares"	34,600,000 Shares;
"Proceedings"	any legal action or proceedings in connection with this Agreement;
"Shares"	fully paid ordinary shares of HK\$0.10 in the capital of the Company;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription"	the subscription by the Vendors for the Subscription Shares on the terms and subject to the conditions set out in this Agreement;
"Subscription Completion Date"	the Business Day after the date upon which the last of the conditions set out in Clause 6.2 shall have been satisfied provided that the Subscription Completion Date shall not be later than the date falling 14 days after the date of this Agreement or such later time and/or date as the Company and the Vendors may agree in writing;
"Subscription Completion"	the meaning given to that term in Clause 6.5;
"Subscription Price"	HK\$2.50 per Subscription Share;
"Subscription Shares"	34,600,000 new Shares;
"Subsidiary"	has the same meaning as in Section 2 of the Companies Ordinance;
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers; and
"Transfer Documents"	has the meaning given to it in Clause 3.3.

1.2 **Agreed Form:** Any reference to a document being "in the agreed form" means in the form of a document or and the draft thereof signed for identification on behalf of the Vendors and the Placing Agent with (in the case of a draft) such alterations (if any) as may be agreed between the Vendors and the Placing Agent.

1.3 **Reference:** References in this Agreement to persons include references to bodies corporate and references to the singular include references to the plural and vice versa. References to "Clauses" are references to the clauses of this Agreement.

1.4 **Headings:** Headings are inserted for convenience only and shall not affect the interpretation of this Agreement.

## 2. APPOINTMENT OF PLACING AGENT

2.1 **Appointment:** The Vendors hereby agree to appoint the Placing Agent and the Placing Agent, relying on the representations, warranties and undertakings herein contained, agrees to act as the placing agent for the Vendors in connection with the Placing on the terms provided for in this Agreement.

2.2 **Placing Agent's powers:** The Vendors hereby confirm that this appointment confers on the Placing Agent, in accordance with the provisions hereof, all powers, authorities and discretion on behalf of the Vendors which are necessary for, or reasonably incidental to, the Placing (including, without limiting the foregoing and if necessary, the completion of the relevant contract notes on behalf of the Vendors and the submission of such contract notes and other documents for stamping and registration) and hereby agree to ratify and confirm everything which the Placing Agent may lawfully, reasonably and properly do in the exercise of such powers, authorities and discretion in accordance with this Agreement.

2.3 **Sub-placing agents:** The Placing Agent may in turn appoint other sub-placing agents to procure purchasers for the Placing Shares. The Placing Agent confirms and undertakes that it shall require any sub-placing agent or other person through whom it may effect the Placing or offer any Placing Shares to observe the provisions of this Agreement. Any transaction legally, properly and reasonably carried out by the Placing Agent (and any sub-placing agent) shall constitute a transaction carried out at the request of the Vendors and as its agent and not in respect of the Placing Agent's own account.

2.4 **Information:** The Vendors and the Company shall:

(a) provide to the Placing Agent, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Group as may be reasonably required by the Placing Agent in connection with the Placing for the purposes of complying with all requirements of applicable law or of the Stock Exchange or of the SFC; and

(b) promptly provide to the Placing Agent particulars of every significant new factor known to it which is in their reasonable opinion capable of materially affecting assessment of the Placing Shares in the context of the Placing which arises between the date hereof and 12:00 noon on the Placing Completion Date.

2.5 **Free from encumbrances:** Each of the Vendor shall sell its Placing Shares to be sold pursuant to the Placing free from all liens, charges and encumbrances and together with a rights attaching to them, including the right to receive all dividends declared, made or

paid after the date hereof.

- 2.6 **Further assurances:** The Vendors jointly and severally undertake with the Placing Agent that it shall do all such other acts and things as may be reasonably required to be done by it to carry into effect the Placing in accordance with the terms of this Agreement.

3. **PLACING AGENT'S UNDERTAKINGS**

- 3.1 **Placing:** Subject to Clause 8 of this Agreement, the Placing Agent undertakes on or before the end of the Placing Period to procure, purchasers for, or failing which to purchase itself, all of the Placing Shares at the Placing Price (together with such Hong Kong stamp duty and Stock Exchange transaction levy as may be payable by buyers).
- 3.2 **Placees:** The Placing Shares shall be offered by the Placing Agent to the Placees in board lots of the Shares. The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules (in particular, the Placing Agent shall use all reasonable endeavours to ensure that Placees shall be third parties independent from the Vendors and their Associates and the directors, chief executive or substantial shareholders of the Company or its Subsidiaries or any of their respective Associates and shall not be parties acting in concert with the Vendors for the purposes of the Takeovers Code). If there should be less than six Placees, the Placing Agent shall procure that all necessary consents are obtained from the Placees for the publication of their identities as required by rule 13.28 of the Listing Rules, and shall use its best endeavours to ensure that such information is available for incorporation in the Placing Announcement so that no separate or further announcement is required to be made by the Company in respect thereof. Notwithstanding the above, at any time the Placing Agent may elect that some or all of the Placing Shares are purchased by it as principal from the Vendors at the Placing Price and, in that event, the Placing Shares may subsequently be sold by the Placing Agent as principal to purchasers at any price(s) as the Placing Agent in its discretion may determine, without being under any obligation to notify the Vendors of such election or of the number of Placing Shares so purchased as principal, or of the price(s) at which those Shares are sold to purchasers provided that any stamp duty payable in respect of such sale by the Placing Agent as principal shall be borne by the Placing Agent.
- 3.3 **Placee details and Transfer Documents:** To the extent any transfer of Placing Shares will not be settled by book-entry settlement through CCASS, by no later than 6:00 p.m. on the Business Day prior to the Placing Completion Date, the Placing Agent shall deliver to the Vendors a schedule showing details of the Placees including their names, the number of Placing Shares purchased by each Placee, country of incorporation (if a corporation), addresses (or registered address if a corporation), and as soon as practicable thereafter and in any event not later than 12:00 noon on the fourth Business Day thereafter deliver to the Stock Exchange and the SFC such substantially completed details of the Placees in the form from time to time prescribed by them.
- 3.4 **Oral contracts:** Without limitation to Clause 3.5, the Placing Agent undertakes that the

Placing shall be effected by telephone conversations leading to concluded contracts which shall then be confirmed by letter of confirmation.

3.5 **Compliance with laws:** The Placing Agent confirms and undertakes to the Vendors and the Company that :

- (a) it will not, directly or indirectly, engage in price stabilisation in relation to the Placing;
- (b) it will not, directly or indirectly, offer, sell or deliver any Placing Shares or distribute or publish any documents (including, without limitation, any prospectus, form of application, offering circular, advertisement or other offering material or any report or other document calculated to invite or lead to offers or agreements being made to purchase Placing Shares) in any country or jurisdiction except such as, and under circumstances that, will not result in or constitute a material breach by it of any applicable laws and regulations provided that this will not apply where the breach arises, directly or indirectly, by reason of (i) a breach by the Vendors or by the Company of a representation, warranty or undertaking in Clause 7.1 or (ii) any public written information or statements or omissions of the Vendors or the Company; and
- (c) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Placing Shares other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or as agent, or otherwise in circumstances which do not constitute an offer to the public within the meaning of such term as used in the Companies Ordinance (Cap. 32 of the laws of Hong Kong).

3.6 **No representations:** The Placing Agent confirms and undertakes that it has not made and shall not make to any person to whom Placing Shares may be offered any representation or statement regarding the Company, the Group or the financial or business position or prospects of the Company or the Group which was not or is not, at the time of making the same, general public knowledge in the marketplace.

#### 4. COMPLETION

4.1 **Vendors' obligations:** By no later than 12:00 noon on the Business Day prior to the Placing Completion Date, the Vendors shall deliver to the Placing Agent to facilitate settlement on the Placing Completion Date, evidence satisfactory to the Placing Agent that the Vendors have given an irrevocable delivery instruction to effect a book-entry settlement of the Placing Shares through CCASS to credit to the CCASS stock account of the Placing Agent, which the Placing Agent shall have notified the Vendors on the date of this Agreement.

4.2 **Placing Agent's obligations:** Against compliance by the Vendors with their obligations under Clause 4.1, the Placing Agent (or its nominees or agents) shall, in respect of the Placing Shares on or before 4:00 p.m. on the Placing Completion Date make or procure the making of payments to the respective Vendors of the aggregate Placing Price of the

Placing Shares (less the amounts referred to in Clause 5.1) sold by each Vendor, the payment of which shall constitute a complete discharge of the obligations of the Placing Agent to place, the Placing Shares hereunder and such payment shall be made by cheque on the Placing Completion Date.

5. **PAYMENT OF FEES, COMMISSIONS AND EXPENSES**

5.1 **Placing Agent fees and expenses:** In consideration of the services of the Placing Agent in relation to the Placing, the Vendors shall pay to the Placing Agent:

- (a) provided that completion of the Placing occurs in accordance with Clause 4, in Hong Kong dollars, a placing fee of 2.0 per cent. of the amount equal to the Placing Price multiplied by the number of the Placing Shares;
- (b) Hong Kong seller's ad valorem stamp duty (if any) at the relevant rate on the amount equal to the Placing Price multiplied by the number of Placing Shares;
- (c) seller's Stock Exchange trading levy, SFC transaction levy and investor compensation levy, if any, and fixed stamp duty on the instrument of transfer as may be payable in respect of the sale and transfer of the Placing Shares to the Placees;
- (d) a documentation fee of HK\$300,000 (which includes the legal fees of the legal advisers of the Placing Agent in connection with this Agreement); and
- (e) all the Placing Agent's out-of-pocket expenses properly incurred by it in relation to the Placing

which amounts the Placing Agent is hereby authorised to deduct from the payments to be made by it to the Vendors pursuant to Clause 4.2.

5.2 **Placing not completed:** If for any reason (other than any breach by the Placing Agent of its obligations hereunder) this Agreement is terminated or the Placing is not completed, the Vendors shall remain liable for the payment of all costs and expenses referred to in Clause 5.1(b), (c) and (d) only to the extent already incurred.

5.3 **Brokerage:** The Vendors hereby acknowledge that, in addition to the commissions, costs, charges and expenses referred to in Clause 5.1, the Placing Agent shall be entitled to keep for its own account any brokerage that it may receive from the Placees.

5.4 **No deductions:** All payments to be made by the Vendors pursuant to this Clause 5 shall be made in full without any set-off, deduction or withholding whatsoever.



6. **SUBSCRIPTION**

6.1 **Subscription:** subject to the fulfilment of the conditions set out in Clause 6.2, each of the Vendors set out in column 1 of the table below agree to subscribe as principal for the respective number of Subscription Shares set out in column 2 of the table below and the Company agrees to issue the Subscription Shares at the Subscription Price on the Subscription Completion Date.

(1) Vendors	(2) Subscription Shares
Poon Jing	15 million
Teddington Holdings Limited	11.6 million
Full Speed Investments Limited	2 million
Heston Holdings Limited	6 million

6.2 **Conditions:** Completion of the Subscription is conditional upon:

- (a) the Stock Exchange granting listing of and permission to deal in the Subscription Shares;
- (b) the Executive granting a waiver to the Vendors from any obligation to make a general offer under Rule 26 of Takeovers Code arising pursuant to the Vendors entering into this Agreement; and
- (c) completion of the Placing having occurred pursuant to the terms of this Agreement.

6.3 **Fulfilment:** The Company and the Vendors shall each use their respective reasonable endeavours to procure the fulfilment of the conditions set out in Clause 6.2 and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other, the SFC and/or the Stock Exchange in connection with the fulfilment of such conditions.

6.4 **Non-Fulfilment:** If the conditions set out in Clause 6.2 are not fulfilled on or prior to 16th March, 2005 or such later date as may be agreed in writing between the Company and the Vendors, the obligations of the Company and the Vendors under this Clause 6 shall terminate and neither of the parties shall have any claim against the others for costs, damages, compensation or otherwise in respect of the Subscription.

6.5 **Completion:** Subject to the fulfilment of the conditions set out in Clause 6.2, completion of the Subscription ("Subscription Completion") shall take place at the office of the Company at or before 4:00 p.m. on the Subscription Completion Date or such other time as the Company and the Vendors may agree (subject to compliance

with the Listing Rules) all but not some only of the following business shall be transacted:

- (a) the Company shall :
  - (i) allot and issue to the Vendors or their nominee the Subscription Shares and shall promptly thereafter register the Vendors or their nominee as the holder of the Subscription Shares and shall cause to be delivered to the Vendors definitive certificates of title in respect of the Subscription Shares in the name of the Vendors or their nominee; and
  - (ii) deliver to the Vendors certified copies of the resolutions of the board of directors of the Company allotting the Subscription Shares pursuant to Clause 6.5(a)(i); and
- (b) each of the Vendor shall make or procure the making of payment in Hong Kong dollars for value on the Subscription Completion Date to the Company of the aggregate Subscription Price of the Subscription Shares subscribed by it less the placing fee, advisory fee, costs, charges and expenses properly incurred by it (if any) in connection with the Placing pursuant to Clause 5.1 and the Subscription to the bank account nominated for the purpose by the Company (such nomination being made) not less than one Business Day prior to the Subscription Completion Date) or in such other manner as may be agreed between the parties, which shall constitute a complete discharge of the Vendors' obligations in respect thereof.

## 7. WARRANTIES AND UNDERTAKINGS

7.1 **Warranties:** In consideration of the Placing Agent entering into this Agreement and agreeing to perform its obligations hereunder, the Vendors and the Company (except in respect of matters which relate only to the Vendors on which the Company gives no warranty) hereby jointly and severally represent, warrant and undertake to the Placing Agent as follows:

- (a) each of the Vendor is the beneficial owner of the Placing Shares held by it and has the necessary power and authority and has obtained all necessary consents to enable it to sell the Placing Shares hereunder and this Agreement constitutes valid and legally binding and enforceable obligations of each of the Vendors;
- (b) the Placing Shares are fully paid up, rank pari passu in all respects with the existing Shares in issue, include the right to receive all dividends and distributions which may be declared made or paid after the Placing Completion Date and are free and clear of all liens, encumbrances, equities or other third party rights;
- (c) all statements of fact contained in the Placing Announcement are true and accurate in all material respects and not misleading in any material respect in the context of the Placing and all statements of opinion, intention or expectation of

the directors of the Company in relation to the Company or any of its Subsidiaries contained therein are truly and honestly held and have been made after due and careful consideration and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading or which is otherwise material in the context of the Placing;

- (d) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation with power to own its assets and to conduct its business in the manner presently conducted and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group which is material to the operations and results of the Group taken as a whole;
- (e) save as previously disclosed by the Company to the public in writing during the preceding twelve months, there is no litigation, arbitration or other legal proceedings in progress or pending against any member of the Group which if decided adversely to the relevant member of the Group would have or have had during the twelve months preceding the date hereof a material adverse effect on the financial position of the Group (taken as a whole) or the Company and which is material in the context of the Placing;
- (f) save as previously disclosed by the Company to the public in writing during the preceding twelve months, the Company is not in breach in any material respect in the context of the Placing, of any rules, regulations or requirements of the Stock Exchange or any applicable law, decree, judgment, legislation, order, regulation, statute, ordinance, treaty or other legislative measure;
- (g) no material outstanding indebtedness of any member of the Group has become payable or repayable by reason of any default of such member of the Group and no event has occurred which, with the lapse of time or the fulfilment of any condition or the giving of notice or the compliance with any formality (save for the early prepayment of any loans of the Group at the election of the Group pursuant to the relevant loan agreements entered into by the Group), may result in such indebtedness becoming payable or repayable prior to its maturity date or in a demand being made for such indebtedness to be paid or repaid;
- (h) save as previously disclosed by the Company to the public in writing during the preceding twelve months or otherwise than in the ordinary course of business, no member of the Group has entered into a material contract or commitment of an unusual or onerous nature which, in the context of the Placing, might be material for disclosure and each such company has carried on its business in the ordinary and usual course;
- (i) the audited consolidated accounts of the Group for the financial year ended on the Audited Accounts Date:
  - (i) have been prepared on a recognised and consistent basis and in accordance with generally accepted accounting principles, standards and practice in Hong Kong;

- (ii) comply in all material respects with all applicable ordinances, statutes and regulations and show a true and fair view of the state of affairs of the Group and of its results for the period in question;
  - (iii) are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the relevant member of the Group (save as disclosed in the said accounts); and
  - (iv) make adequate provision for all taxation whether in Hong Kong or any other part of the world in respect of all accounting periods ended on or before the respective date for which the relevant member of the Group was then or might at any time thereafter become or have been liable;
- (j) the interim accounts of the Group for the period ended on the Interim Accounts Date:
- (i) have been properly prepared and fairly present and reflect in accordance with generally accepted accounting principles, standards and practice in Hong Kong;
  - (ii) comply on all material aspects with all applicable ordinances, statutes and regulations and reflect a true and correct view of the state of affairs of the Group and of its results for the period in question;
- (k) since the Interim Accounts Date:
- (i) each member of the Group has carried on business in the ordinary and usual course in all material respects so as to maintain it as a going concern;
  - (ii) each member of the Group has continued to pay its creditors in the ordinary course of business in all material respects;
  - (iii) there has been no material adverse change in the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of any member of the Group (save for the transactions publicly disclosed by the Company pursuant to the Listing Rules) and no event has occurred which in the reasonable opinion of the Vendors or the Company may give rise to a material adverse change in such position in the foreseeable future;
- (l) there is no order, decree or judgment of any court or governmental agency or regulatory body outstanding or anticipated against any member of the Group nor, to the best of the knowledge, information and belief of the Vendors, having made due and careful enquiries, is there any investigation or enquiry by any governmental agency or regulatory body outstanding or anticipated against any member of the Group which may have or has had a material adverse effect upon the condition, financial or otherwise or the earnings,

business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group or which is material in the context of the Placing;

- (m) save as publicly announced by the Company prior to the date hereof or pursuant to options granted or hereafter to be granted under the share option scheme of the Company, no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any share or loan capital or any other security giving rise to a right over the capital of any member of the Group under any option or other agreement (including conversion rights and rights of pre-emption) and there are no encumbrances on the shares of any member of the Group or any arrangements or obligations to create any encumbrances;
- (n) the execution and delivery of, and the performance by the Vendors and the Company of their respective obligations under this Agreement do not and will not, and this Agreement does not and will not:
  - (i) result in a breach in any material respect of any provision of the articles of association of any member of the Group; or
  - (ii) result in a breach in any material respect of, or constitute a default under, any instrument to which any member of the Group is a party or by which any member of the Group or any of their respective properties is bound; or
  - (iii) result in a breach in any material respect of any laws to which any member of the Group are subject or by which any member of the Group or any of their respective properties are bound; or
  - (iv) infringe any mortgage, contract or other undertaking or instrument to which any member of the Group is a party or which is binding upon it or its assets, and does not and will not result in the creation of imposition of any encumbrance on any of its assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument;
- (o) each of the Vendors and the Company will promptly provide the Placing Agent, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group or the Vendors as may be required by the Placing Agent in connection with the Placing for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the SFC or any other applicable regulatory body;
- (p) the Vendors shall ensure that none of its Associates shall purchase the Placing Shares under the Placing;

- (q) the Vendors have not been, is not and shall not be at any time engage in insider dealing for the purposes of the Securities and Futures Ordinance in connection with the Placing and the related transactions entered into pursuant to this Agreement, none of the Vendors nor any person acting on the Vendors' behalf or under its control has taken or shall take, directly or indirectly, any action designed or which was designed, or which constitutes or has constituted or might reasonable be or have been expected to cause or result in, stabilization or manipulation of the price of any Shares or other securities of the Company; and
- (r) the Vendors and the Company shall make all appropriate disclosures pursuant to, and shall comply in all respects with, the Listing Rules, the Takeovers Code, the Securities and Futures Ordinance and all other applicable laws and regulations in connection with the Placing.

7.2 **Warranties repeated:** The representations and warranties set out in Clause 7 are given as at the date hereof and shall be deemed to be repeated by Vendors and the Company as at the Placing Completion Date as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The Vendors jointly and severally undertake up to and until completion of this Agreement or its earlier termination to notify the Placing Agent of any matter or event coming to its attention prior to the Placing Completion Date which would or would reasonably be considered to render or have rendered any of the representations and warranties made by it set out in Clause 7.1 untrue, inaccurate or misleading in any material respect. The Vendors and the Company shall not, and shall use their respective best endeavours to procure that no member of the Group shall, at any time prior to or on the Placing Completion Date do or omit to do anything which may cause any of the representation and warranties made by it and set out in Clause 7.1 to be untrue in any material respect.

7.3 **Indemnity:** The Vendors and the Company jointly and severally undertake on demand to indemnify the Placing Agent or any person appointed as a sub-placing agent pursuant to Clause 2.3 or any of their respective associates (as defined in the Listing Rules) and any of their respective directors and employees which shall have been involved in effecting the Placing (the "Indemnified Parties") against all or any claims, actions, liabilities, demands, proceedings or judgments brought or established against any of the Indemnified Parties by any purchaser of any of the Placing Shares or by any governmental agency, regulatory body or other person, directly or indirectly arising out of or in connection with the Placing and against all losses and all reasonable costs, charges and expenses (including legal fees as they are incurred) which any of the Indemnified Parties may suffer or properly incur (except for any loss, costs, charge or expense suffered or incurred directly or indirectly as a result of or in connection with any fraud, default or negligence on the part of the relevant Indemnified Party or as a result of any breach of any provisions of this Agreement by the relevant Indemnified Party) (including, but not limited to, all such losses, costs charges or expenses suffered or incurred in disputing or defending any Proceedings).

7.4 **No claims:** No claim shall be made against the Placing Agent or any person, appointed as a sub-placing agent pursuant to Clause 2.3 by the Vendors or the Company to recover

any damage, cost, charge or expense which the Vendors or (as the case may be) the Company may suffer or incur by reason of or arising from the carrying out by the Placing Agent of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing provided that such damage, cost, charge or expense is not suffered or incurred directly or indirectly as a result of any fraud, default or negligence on the part of the Placing Agent or in connection with a breach by the Placing Agent of the provisions of this Agreement.

7.5 **No merger:** The foregoing provisions of this Clause 7 shall remain in full force and effect notwithstanding completion of the Placing.

7.6 **Undertaking by the Vendors:** The Vendors jointly and severally undertake to accept the Subscription Shares subject to the constitutional documents of the Company and (subject to and conditional upon Subscription Completion) to pay to the Company any interest accrued on the net proceeds from the Placing for the period commencing on the Placing Completion Date and ending on the Subscription Completion Date.

## 8. TERMINATION

8.1 **Termination:** Notwithstanding anything contained in this Agreement, if, at any time prior to 5:00 p.m. on the day immediately before the Placing Completion Date, in the opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be materially adversely affected by:

- (a) any material breach of any of the representations and warranties set out in Clause 7.1; or
- (b) any of the following events:
  - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
  - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
  - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (iv) a change or development involving a prospective change in taxation in Hong Kong or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective shareholders in their capacity as such; or
- (v) any material change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate this Agreement without liability to the Vendors by giving notice in writing to the Vendors, provided that such notice is received prior to 5:00 p.m. on the day immediately before the Placing Completion Date.

- 8.2 **Termination:** In the event that the Placing Agent terminates this Agreement pursuant to Clause 8.1 it shall as soon as practicable thereafter return to the Vendors all Placing Shares received by it pursuant to Clause 4.1 (i) by crediting the CCASS account of the Vendors (as notified by the Vendors to the Placing Agent) or (ii) at the option of the Vendors, by returning share certificates in respect of the Placing Shares to the Vendors at the Vendors' cost, and subject thereto all obligations of each of the Parties under this Agreement, save for Clauses 5 and 7, shall cease and determine and no Party shall have any claim against any other Party in respect of any matter arising out of or in connection with this Agreement except for any breach arising prior to such termination.

## 9. GENERAL

- 9.1 **Announcements:** Save for the Placing Announcement and save as required by law or by the Stock Exchange or the SFC, the Vendors hereby undertake to use its best endeavours to procure that no public announcement or communication to the press, the Stock Exchange or the shareholders of the Company concerning the Company and/or its Subsidiaries which is material in relation to the Placing shall be made by or on behalf of the Company between the date hereof and the Placing Completion Date without prior written approval from the Placing Agent as to the content, timing and manner of making thereof, such approval not to be unreasonably withheld or delayed.
- 9.2 **Time of the essence:** Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the Vendors and the Placing Agent but, as regards any time, date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.
- 9.3 **Waiver:** No failure or delay by any party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by any Party of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.
- 9.4 **Assignment:** The Placing Agent may assign to any person or persons the benefit of the



representations, warranties and undertakings contained herein (in whole or in part). No other party hereto shall assign any of its rights under this Agreement (all of which shall be incapable of assignment) or purport to do so. This Agreement shall be binding on and enure for the benefit of each party's successors and permitted assigns.

9.5 **Counterparts:** This Agreement may be executed in any number of counterparts by the Parties hereto on separate counterparts, each of which when executed shall constitute an original and all of which when taken together shall constitute one and the same document.

## 10. NOTICES

10.1 **Notices:** All notices delivered hereunder shall be in writing in the English language and shall be communicated to the following addresses :-

If to the Vendors :

Address: 30th Floor, Asia Orient Tower  
Town Place, 33 Lockhart Road  
Wanchai  
Hong Kong

Facsimile: (852) 2866 3936  
Attention: Mr. Poon Jing

If to the Company :

Address: 30th Floor, Asia Orient Tower  
Town Place, 33 Lockhart Road  
Wanchai  
Hong Kong

Facsimile: (852) 2866 3936  
Attention: Ricky Lun

If to the Placing Agent :

Address: 25/F, New World Tower,  
16-18 Queen's Road Central  
Hong Kong

Facsimile: (852) 2524 6629  
Attention: Mr. William Lee/ Mr. Hamon Cheung

10.2 **Deemed service:** Any such notice shall be served either by hand or by facsimile. Any notice shall be deemed to have been served, if served by hand, when delivered and if sent by facsimile, on receipt of confirmation of transmission. Any notice received on a day which is not a Business Day shall be deemed to be received on the next Business

Day.

11. **GOVERNING LAW**

11.1 **Hong Kong Law:** This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong for the time being in force and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts in connection herewith.


11.2 **Vendors' service agent:** Each of Teddington, Full Speed and Heston irrevocably appoint Mr. Poon of 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as its process agent to receive on its behalf service of process of any proceedings in Hong Kong. If for any reason the process agent ceases to be able to act as process agent or no longer has an address in Hong Kong, the Vendors irrevocably agree to appoint a substitute process agent with an address in Hong Kong acceptable to the Placing Agent and to deliver to the Placing Agent a copy of the substitute process agent's acceptance of that appointment within 30 days. In the event that the Vendors fail to appoint a substitute process agent, it shall be effective service for the Placing Agent to serve the process upon the last known address in Hong Kong of the last known process agent for that Vendors notified to the Placing Agent notwithstanding that such process agent is no longer found at such address or has ceased to act provided that a copy of the proceedings is also sent to that the Vendors' current registered office or principal place of business wherever situated. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

AS WITNESS the hands of the duly authorised representatives of the Parties on the day and year first before written.

SIGNED by  
**POON JING**  
in the presence of-

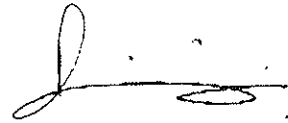
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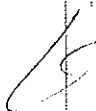


  
Renee Chin

SIGNED BY *Mr Poon Jing*  
for and on behalf of  
**TEDDINGTON HOLDINGS LIMITED**  
in the presence of

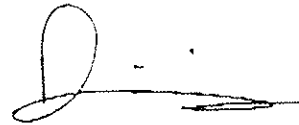
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Renee Chin

SIGNED BY *Mr Poon Jing*  
for and on behalf of  
**FULL SPEED INVESTMENTS  
LIMITED**  
in the presence of

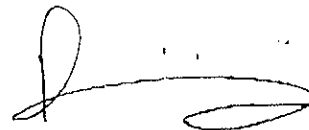
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Renee Chin

SIGNED BY *Mr Poon Jing*  
for and on behalf of  
**HESTON HOLDINGS LIMITED**  
in the presence of

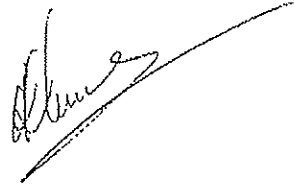
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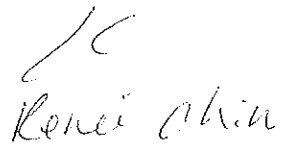
  
Renee Chin

SIGNED BY )  
 )  
for and on behalf of )  
ASIA ORIENT HOLDINGS LIMITED )  
in the presence of )

SIGNED BY CHUNG KWOK WAI )  
 )  
for and on behalf of )  
TAI FOOK SECURITIES COMPANY )  
LIMITED )  
in the presence of )

A handwritten signature in black ink, appearing to read 'Chung Kwok Wai', written over a long, thin horizontal line.

SIGNED BY *Mr Lun Pui Kwan* )  
 )  
for and on behalf of )  
**ASIA ORIENT HOLDINGS LIMITED** )  
in the presence of )



*Renee Chan*

SIGNED BY )  
 )  
for and on behalf of )  
**TAI FOOK SECURITIES COMPANY** )  
**LIMITED** )  
in the presence of )