

Dated 28 April 2021

**(1) SANDMARTIN INTERNATIONAL HOLDINGS LIMITED**

**(2) MORTON SECURITIES LIMITED**

---

**PLACING AGREEMENT**

---

**WOO KWAN LEE & LO**  
Solicitors & Notaries  
26th Floor Jardine House  
1 Connaught Place  
Central  
Hong Kong

Ref: BL/AY/YHN/70449350/2021

## Table of Contents

Clause	Page no.
1. Interpretation.....	1
2. Placing obligations.....	5
3. Appointment of the placing agent and the placing .....	5
4. Completion.....	7
5. Representations, warranties and undertakings given by the Company.....	8
6. Conditions.....	9
7. Placing commission and expenses .....	10
8. Termination.....	10
9. Confidentiality .....	11
10. Assignment .....	12
11. Time of the essence.....	12
12. Costs.....	12
13. Notices .....	12
14. Counterparts.....	13
15. Governing law and submission to the jurisdiction.....	13
16. Rights of third parties.....	14
Schedule 1 Representations, warranties and undertakings .....	15

**THIS PLACING AGREEMENT** is made on 28 April 2021

**BETWEEN:-**

- (1) **SANDMARTIN INTERNATIONAL HOLDINGS LIMITED**, a limited liability company incorporated in Bermuda with limited liability and whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (the “**Company**”); and
- (2) **MORTON SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability, whose registered office is situated at Room 1804-5, 18/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong (the “**Placing Agent**”).

**WHEREAS:-**

- (A) The Company was incorporated with limited liability under the laws of Bermuda. As at the date hereof, the Company has 3,218,076,710 Shares in issue and are fully paid or credited as fully paid. All of the Shares are currently listed on the Main Board of the Stock Exchange.
- (B) The Company proposes to implement the Capital Reorganisation conditional upon, among other things, the passing of the necessary special resolution(s) by the Shareholders by way of poll at the SGM.
- (C) Upon the Capital Reorganisation becoming effective, the Company proposes to raise gross proceeds of no less than HK\$63.0 million and up to approximately HK\$68.9 million by way of rights issue of a minimum of 150,000,000 Right Shares and up to 164,053,835 Rights Shares, at the Subscription Price of HK\$0.42 per Rights Share on the basis of one (1) Right Share for every two (2) Adjusted Shares in issue on the Record Date.
- (D) Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company in the Rights Issue must make arrangement to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the No Action Shareholders to whom they were offered by way of the Rights Issue.
- (E) The Company has agreed to appoint the Placing Agent and the Placing Agent has agreed to act as the Company’s placing agent to place the Unsubscribed Rights Shares to independent placees on a best effort basis upon the terms and subject to the conditions set out in this Agreement.

**IT IS HEREBY AGREED** as follows:-

**1. INTERPRETATION**

1.1 In this Agreement (including the Recitals hereto) unless specifically provided otherwise or the context otherwise requires,

1.1.1 the following definitions are used:

“**Adjusted Share(s)**” means ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company immediately following the Capital Reorganisation becoming effective;

“**Agreement**” means this placing agreement as amended or varied from time to time by an agreement in writing duly executed by the Parties;

“**Annual Accounts**” means the consolidated audited accounts of the Group for the year ended 31 December 2020;

“**Annual Accounts Date**” means 31 December 2020;

“**Business Day**” means any day (excluding Saturday, Sunday and public holiday) on which commercial banks are generally open for business in Hong Kong;

“**Capital Reduction**” means the reduction of the issued share capital of the Company by cancelling any fraction of a Consolidated Share in the issued share capital of the Company and cancelling the paid up capital of the Company to the extent of HK\$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.10;

“**Capital Reorganisation**” means the proposed reorganisation of the share capital of the Company involving, among other things, the Share Consolidation and the Capital Reduction;

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

“**Completion**” means completion of the Placing on the terms and subject to the conditions set out in this Agreement;

“**Completion Date**” means 21 July 2021 (or such other date as the Company may determine in writing) on which completion of the Placing shall take place pursuant to Clause 4;

“**Consolidated Share(s)**” means ordinary share(s) with par value of HK\$1.00 each in the share capital of the Company immediately following the Share Consolidation becoming effective;

“**Directors**” means the directors of the Company;

“**Encumbrance**” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect;

“**Existing Share(s)**” means ordinary shares of par value of HK\$0.10 each in the share capital of the Company prior to the Share Consolidation become effective;

“**Group**” means the Company and its Subsidiaries;

“**HKS**” means Hong Kong dollar;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Latest Acceptance Date**” means the last day for acceptance of and payment for the Rights Shares;

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

“**Long Stop Date**” means 30 July 2021 (or such later date as may be agreed between the Company and the Placing Agent in writing);

“**No Action Shareholder(s)**” means Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be);

“**Non-Qualifying Shareholder(s)**” means overseas Shareholder(s) whose names appear on the register of members of the Company at the close of business on the Record Date with registered address(es) outside Hong Kong and whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue;

“**Parties**” means parties to this Agreement;

“**PAL(s)**” means the provisional allotment letter(s) to be used in connection with the Rights Issue;

“**Placing**” means the placing by or on behalf of the Placing Agent of the Unsubscribed Rights Shares on the terms and subject to the conditions set out in this Agreement;

“**Placing Announcement**” means the announcement proposed to be issued by the Company in connection with the Placing;

“**Placing Period**” means the period commencing from the second Business Day after the Latest Acceptance Date and ending on the fifth Business Day after the Latest Acceptance Date;

“**Posting Date**” means 24 June 2021 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents;

“**Placed Shares**” means the Unsubscribed Rights Shares successfully placed by the Placing Agent pursuant to this Agreement;

“**Placing Price**” means the placing price of the Unsubscribed Rights Shares which shall be not less than the Subscription Price and the final price

determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement;

“**PRC**” means the People's Republic of China, excluding, for the purposes of this Agreement, Hong Kong, Macau Special Administrative Region and Taiwan;

“**Prospectus**” means the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue;

“**Prospectus Documents**” means the Prospectus and the PAL;

“**Qualifying Shareholders**” means Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date;

“**Record Date**” means the date by reference to which the Shareholders' entitlements under the Rights Issue are expected to be determined;

“**Rights Issue**” means the proposed issue of 164,053,835 Rights Shares at the Subscription Price by way of rights on the basis of one (1) Right Share for every two (2) Adjusted Shares held on the Record Date payable in full on acceptance;

“**Rights Share(s)**” means the new Adjusted Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

“**SGM**” means the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganisation by the Shareholders;

“**Shareholders**” means the shareholders of the Company;

“**Shares**” means the ordinary shares of nominal value of HK\$0.10 each in the capital of the Company;

“**Share Consolidation**” means the proposed consolidation of every ten (10) issued and unissued Existing Shares of a par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of a par value of HK\$1.00 each in the share capital of the Company;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Subscription Price**” means HK\$0.42 per Rights Share; and

“**Unsubscribed Rights Share(s)**” means (i) the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights; and (ii) the unsold entitlements of the Non-Qualifying Shareholders under the Rights Shares.

1.1.2 references to sub-clauses, clauses and schedules are to sub-clauses, clauses and schedules of this Agreement;

- 1.1.3 words importing the singular include the plural and vice versa, words importing a gender include every gender and references to a person include bodies corporate or unincorporated; and
- 1.1.4 the words “**include**”, “**includes**” and “**including**” as used herein shall be construed as if followed by the words, “**without limitation**”.
- 1.2 Headings are for convenience only and shall not affect the construction of this Agreement.
- 1.3 The Schedules shall constitute a part of, and are hereby incorporated into, this Agreement.

## **2. PLACING OBLIGATIONS**

- 2.1 Subject to the terms and conditions of this Agreement, the Company agrees to offer the Unsubscribed Rights Shares for subscription and the Placing Agent agrees to procure, either by itself or through its sub-placing agent(s), independent placees to subscribe for the Unsubscribed Rights Shares on the terms and subject to the conditions set out in this Agreement. The Placing Agent has no obligation itself to acquire or take up all or any of the Unsubscribed Rights Shares.
- 2.2 The Unsubscribed Rights Shares shall be placed to placee(s) who and whose beneficial owner(s) shall be third party(ies) independent of and not connected (as defined in the Listing Rules) with the Company and connected person(s) (as defined in the Listing Rules) of the Company. Subject to the requirements of the Listing Rules, the choice of the placees for the Unsubscribed Rights Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules and any applicable laws and regulations.

## **3. APPOINTMENT OF THE PLACING AGENT AND THE PLACING**

- 3.1 The Company hereby appoints the Placing Agent to the exclusion of all others as its placing agent of the Placing and the Placing Agent agrees to procure placees to subscribe for the Unsubscribed Rights Shares on the terms and subject to the conditions set out in this Agreement.
- 3.2 Subject to the provisions of this Agreement, the Placing Agent shall be entitled to conduct and undertake the Placing in such manner as it thinks fit. The Company hereby confirms that the appointment pursuant to this Agreement confers on the Placing Agent in accordance with the provisions hereof all powers, authorities and discretions on its behalf which are necessary for, or reasonably incidental to, the Placing (including the power and authority to delegate its functions hereunder to any other person or persons to act as agent or agents of the Placing Agent and in which case, the Placing Agent shall procure that such agent(s) shall comply with all relevant obligations to which the Placing Agent is subject under the terms of this Agreement), and hereby agrees to ratify and confirm everything which the Placing Agent may lawfully, reasonably and necessarily do or have done in the exercise of such powers, authorities and discretion in accordance with the terms of this Agreement.
- 3.3 The Unsubscribed Rights Shares shall be offered by the Placing Agent as agent for the Company at the Placing Price (together with such Hong Kong stamp duty (if any),

brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable by purchasers or subscribers) during the Placing Period, subject to Clause 2. The offer of the Unsubscribed Rights Shares to the placees by the Placing Agent shall be conditional upon this Agreement not having been terminated in accordance with its terms prior to the Completion.

3.4 The Company shall procure that the Unsubscribed Rights Shares successfully placed by the Placing Agent pursuant to this Agreement will be allotted and issued free and clear from all Encumbrances and together with all rights attaching thereto at the date of their issue as provided under Clause 5.2.4.

3.5 The Placing Agent hereby represents, warrants and undertakes to the Company that:-

3.5.1 it is independent of and not connected with the Company and its connected person and not a connected person of the Company;

3.5.2 it will use its best endeavours to ensure that the placees and their respective ultimate beneficial owners shall be third party(ies) independent of and not connected with or acting in concert with the Company or its connected persons (as defined in the Listing Rules). For the avoidance of doubt, the Placing Agent shall ensure that the Placing will not (i) trigger any mandatory offer obligation on the part of any placee under Rule 26.1 of the Takeovers Code; and (ii) result in the Company not fulfilling the public float requirements under Rule 8.08 of the Listing Rules.

3.5.3 the Placing will be effected by telephone conversation leading to concluded contracts without the despatch of documents (if any) until after legally binding commitments to purchase the Unsubscribed Rights Shares have been obtained from each placee in the course of such communications;

3.5.4 it has full power and authority under its constitutional documents and all applicable laws and regulations to enter into and perform its obligations under this Agreement in the manner set out herein and this Agreement (and its performance) has been duly authorised (such authorisation remaining in full force and effect) and executed, and constitutes binding obligations on the Placing Agent enforceable in accordance with its terms;

3.5.5 it shall procure that its sub-placing agent(s) (if any) will observe, agree to and comply with, and will be bound by, the provisions of sub-Clauses 3.5.1 to 3.5.8 (both inclusive) of this Clause 3.5 as if such sub-placing agent(s) were parties hereto for the purpose of the said sub-clauses;

3.5.6 it will ensure the fulfillment of and compliance with all applicable rules and regulations of the Stock Exchange and all applicable rules and codes of the SFC in relation to its role as placing agent for the Placing, and, if required by the Stock Exchange or the SFC, will issue appropriate written confirmation of such fulfillment and compliance;

3.5.7 it will not, directly or indirectly, offer or sell any Unsubscribed Rights Shares or distribute or publish any documents in relation to the Placing in any country or jurisdiction except under circumstances that will result in compliance with any



applicable laws and regulations and all offers and sales of Unsubscribed Rights Shares and the distribution and publication of any document relating thereto made in compliance with those laws and regulations; and

- 3.5.8 it has not made and shall not make to any person to whom the Unsubscribed Rights Shares may be offered any representation or statement regarding any member of the Group or the financial or business position or prospects of any member of the Group which was not or is not, at the time of making the same, disclosed to the public in writing.
- 3.6 Upon the Placing Agent's reasonable requests, the Company will use its best endeavour to provide necessary assistance to the Placing Agent to determine whether the places and their respective ultimate beneficial owners are or will be third parties independent of and not connected with or acting in concert with the Company or its connected persons (as defined in the Listing Rules) and will not be connected persons (as defined in the Listing Rules) of the Company. The Company shall notify the Placing Agent if it becomes aware that any party connected with or acting in concert with the Company or its connected persons intends to acquire the Unsubscribed Rights Shares in the Placing.
- 3.7 The representations, warranties and undertakings given by the Placing Agent shall remain in full force and effect notwithstanding completion of the Placing. The representations and warranties are given as at the date hereof and shall be deemed to be repeated by the Placing Agent on each day up to and including the Completion Date as if given or made on such date, with reference in each case to the facts and circumstances then subsisting. The Placing Agent shall not at any time prior to or on the Completion Date, do or omit to do anything which may cause any of the representations, warranties and undertakings made by it in this Agreement to be untrue. The Placing Agent undertakes that up to and until Completion to notify the Company as soon as practicable of any matter or event coming to its attention prior to the Completion Date which would or would be likely to render or have rendered any of the representations, warranties and undertakings made by it untrue, inaccurate, misleading or breached in any material respect.

#### **4. COMPLETION**

- 4.1 Subject to the fulfilment of the conditions precedent to Completion as referred to in Clause 6.1, Completion shall take place in the following manner:
- 4.1.1 at or before 10:00 a.m. on the Completion Date, the Company shall:
- (i) deliver to, or procure the delivery to the Placing Agent or as the Placing Agent may direct (a) a certified true copy of the board minutes or resolutions of the Company approving the entering into of this Agreement by the Company, and the transactions contemplated thereby; and (b) a copy of the approval of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares; and
  - (ii) allot and issue the Placed Shares and deposit all such Placed Shares into the CCASS participant account designated by the Placing Agent and

notified to the Company in writing at least three Business Days prior to the Completion Date;

4.1.2 against compliance by the Company with its obligations pursuant to Clause 4.1.1, at or before 3:00 p.m. on the Completion Date, the Placing Agent shall pay or procure payment to the Company in HK\$ in immediately available funds the Placing Price multiplied by the number of Placed Shares (less the commission and amounts referred to in Clause 7), the payment of which shall constitute a complete discharge of the Placing Agent's obligations to procure places to subscribe for the Unsubscribed Rights Shares hereunder. Such payment to be credited to such account as shall be notified by the Company to the Placing Agent at least three clear Business Days prior to the Completion Date.

4.2 The Placing Agent shall, within the Placing Period, provide particulars of the places to the Stock Exchange and the Company and such information as may be required by the Stock Exchange and/or the relevant regulatory authority or governmental agency in Hong Kong.

## **5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS GIVEN BY THE COMPANY**

5.1 The Company represents, warrants and undertakes to the Placing Agent as set out in Schedule 1. Such representations, warranties and undertakings shall remain in full force and effect notwithstanding completion of the Placing. The representations and warranties are given as at the date hereof and shall be deemed to be repeated by the Company on each day up to and including the Completion Date as if given or made on such date, with reference in each case to the facts and circumstances then subsisting. The Company shall not, and shall procure that no member of the Group shall at any time prior to or on the Completion Date, do or omit to do anything which may cause any of the representations, warranties and undertakings made by it in this Agreement to be untrue. The Company undertakes that up to and until Completion to notify the Placing Agent of any matter or event coming to its attention prior to the Completion Date which would or would be likely to render or have rendered any of the representations, warranties and undertakings made by it set out in Schedule 1 untrue, inaccurate, misleading or breached in any material respect.

5.2 The Company hereby represents and warrants to the Placing Agent that:-

5.2.1 subject to satisfaction of the condition set out in Clause 6.1, it has existing authority to allot and issue the Placed Shares in accordance with the terms of this Agreement;

5.2.2 the creation, allotment and issue of the Placed Shares will be within its powers and in accordance with its articles of association and will comply with all statutory requirements, including (where applicable) the Companies Ordinance (Cap. 622, Laws of Hong Kong), the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and the Listing Rules;

- 5.2.3 the creation of the Placed Shares and their allotment and issue pursuant to this Agreement will not cause any material breach of any agreement to which it and/or any of its Subsidiaries is a party or by which it is or any of them is bound; and
- 5.2.4 the Placed Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue and in particular will have the right to receive all dividends or other distributions hereafter declared paid or made on such Shares with reference to a record date occurring on or after the Completion Date.

## 6. CONDITIONS

- 6.1 Completion of the Placing is conditional upon the following:
  - 6.1.1 the Capital Reorganisation having become effective;
  - 6.1.2 the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the approval for the listing of, and permission to deal in, the Adjusted Shares and the Rights Shares (in their nil-paid and fully-paid forms);
  - 6.1.3 the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
  - 6.1.4 the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus (stamped "For Information Only") to the Non-Qualifying Shareholders for information purpose only by no later than the Posting Date;
  - 6.1.5 this Agreement not being terminated in accordance with Clause 8; and
  - 6.1.6 not less than 150,000,000 Rights Shares being issued under the Rights Issue and/or the Placing.
- 6.2 If the conditions are not fulfilled by the Long Stop Date, the obligations and liabilities of the Company under the Placing shall be null and void and the Company shall be released from all rights and obligations pursuant to the Placing except (i) the Company shall remain liable for the payment of all reasonable costs and expenses referred to in Clauses 7.2 and 7.3 already incurred and any disbursement and out-of-pocket expenses reasonably and properly incurred by the Placing Agent in consequence of such termination (i.e. photocopying, long-distance telephone calls, facsimiles and telexes, courier, delivery, transportation and other similar expenses); and (ii) any antecedent breach of any of the obligations and liabilities hereunder.
- 6.3 The Company and the Placing Agent shall use their respective best endeavours to procure that the conditions are fulfilled in accordance with their terms on or before the Long Stop Date and for that purpose will execute such documents and do such other things as may be necessary in connection therewith.

## **7. PLACING COMMISSION AND EXPENSES**

- 7.1 Provided that completion of the Placing occurs in accordance with Clause 4, a placing commission of 2.0% of the amount which is equal to the Placing Price multiplied by the number of Placed Shares shall be payable to the Placing Agent, which amount the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company under Clause 4.1.2.
- 7.2 Subject to the Company having received all original invoices in relation to the costs to be borne by the Company pursuant to this Clause 7.2 and such costs being agreed by the Company, the Company shall bear any reasonable costs associated with the Placing which are the printing or publishing costs of the publication of the Placing Announcement, the deposit of the Placed Shares into CCASS and all charges, fees and expenses (if any) of the Company's share registrars in Hong Kong in connection therewith. In the event that such amount to be borne by the Company pursuant to this Clause 7.2 has been paid by the Placing Agent on the Company's behalf, the Placing Agent is hereby authorised to deduct such amount from the payments to be made by it to the Company pursuant to Clause 4.1.2.
- 7.3 Subject to the Company having received all original invoices in relation to the costs and expenses to be borne by the Company pursuant to this Clause 7.3 or such costs and expenses being agreed by the Company (which shall not be unreasonably withheld), the Company shall bear all costs and expenses reasonably and properly incurred by the Placing Agent in connection with the Placing (including all disbursements and out-of-pocket expenses (i.e. photocopying, long-distance telephone calls, facsimiles and telexes, courier, delivery, transportation and other similar expenses) reasonably and properly incurred or to be incurred by the Placing Agent in relation to the Placing, the legal fees of the Hong Kong counsel of the Placing Agent in relation to the Placing). In the event that such amount to be borne by the Company pursuant to this Clause 7.3 has been paid by the Placing Agent on the Company's behalf, the Placing Agent is hereby authorised to deduct such amount from the payments to be made by them to the Company pursuant to Clause 4.1.2.
- 7.4 The Company hereby acknowledges that, in addition to the commissions, costs, charges and expenses referred to in this clause, the Placing Agent shall be entitled to keep for their own account any brokerage that it may receive from the placees.

## **8. TERMINATION**

- 8.1 Notwithstanding anything contained in this Agreement, if at any time prior to 8:00 a.m. on the Completion Date:-
- 8.1.1 if there has come to the notice of the Placing Agent:-
- (i) any material breach by the Company of the undertakings, warranties and representations set out in Clause 5 or Schedule 1; or
  - (ii) any material breach of any of the obligations imposed upon the Company to this Agreement; or
- 8.1.2 if there develops, occurs, or comes into effect:-

- (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments 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, fiscal nature, resulting in a material adverse change in, or which might be expected to result in a material adverse change in stock market conditions in Hong Kong and the PRC and which in the reasonable opinion of the Placing Agent would prejudice the success of the Placing; or
- (ii) 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 and which, in the reasonable opinion of the Placing Agent, would prejudice the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations in Hong Kong or the PRC and if in the reasonable opinion of the Placing Agent any such new law or change would materially and adversely affect the financial position of the Group taken as a whole and/or prejudice the success of the Placing; or
- (iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC which would, in the reasonable opinion of the Placing Agent, prejudice the success of the Placing; or
- (v) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group taken as a whole and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing,

then and in any such case, with respect to the Placing, if any of the events set out above occur at any time on or prior to 8:00 a.m. on the Completion Date, the Placing Agent may, by giving a written notice to the Company signed by the Placing Agent, terminate this Agreement without liability to the Company and, subject to Clauses 1, 7, 11, 12, 13, 14, 15 and 16 and this last paragraph of Clause 8 which shall continue, this Agreement shall thereupon cease to have effect, and none of the Parties shall have any rights or claims by reason thereof.

## **9. CONFIDENTIALITY**

- 9.1 Save as required by the Stock Exchange (including the publication of the Placing Announcement) or any rules (including the Listing Rules), regulations or laws to which any member of the Group is subject, each of the Company and the Placing Agent agrees not to make any announcement in relation to this Agreement or any transactions contemplated hereunder or any matter in connection herewith without the prior written consent of the other party.

- 9.2 Each of the Parties shall keep confidential and not at any time disclose or make known in any way to anyone or use for their own or any other person's benefit any information of a confidential nature disclosed by one Party to the other before or after the date of this Agreement, including any information received or obtained as a result of entering into or performing this Agreement relating to the other Party, its business and affairs and its customers, suppliers and employees EXCEPT THAT a Party may after consultation with the other Party (if legally permitted) disclose information which would otherwise be confidential if and to the extent required by law or by any securities exchange or regulatory body to which that Party is subject or the information has come into the public domain through no fault of that Party.

## **10. ASSIGNMENT**

- 10.1 This Agreement shall be binding on and enure for the benefit of each Party's respective successors or permitted assigns but shall not be assignable otherwise than with the prior written consent of the other Party.
- 10.2 Each Party undertakes with the other Party that it shall from time to time execute and perform and procure that there are executed and performed such further documents and acts as the other Party may reasonably require to give effect to the provisions of this Agreement.

## **11. TIME OF THE ESSENCE**

Time will be of the essence of this Agreement.

## **12. COSTS**

Subject to the provisions of Clause 7, each of the Parties will bear its own costs and expenses incurred in connection with the Placing.

## **13. NOTICES**

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

### The Company

Address: Unit 516, 5th Floor, Peninsula Centre, 67 Mody Road,  
Tsim Sha Tsui East, Kowloon, Hong Kong

E-mail address: corpfin@sandmartin.com.hk

Attention: Hung Tsung Chin

### The Placing Agent

Address: 1804-05, 18/F, Allied Kajima Building, 138 Gloucester  
Road, Wan Chai, Hong Kong

E-mail address: skor@msec.hk

Attention: Ms. Ophelia Or

13.2 A notice, demand or communication will be deemed to have been duly given and received:

13.2.1 if delivered personally, on delivery to an addressee on a Business Day to a place for the receipt of letters at that addressee's authorised address;

13.2.2 if sent by post in a properly addressed prepaid envelope, where the addressee's authorised address is in the same country as the country of posting, at 10 a.m. (local time at the place where the address is located) on the second Business Day after the day of posting or, where the addressee's authorised address is not in the same country as the country of posting, at 10 a.m. (local time at the place where that address is located) on the fifth Business Day after the day of posting); and

13.2.3 in the case of an e-mail, at the time when the server of the recipient (in the case where the recipient provides more than one email address in accordance with this Clause 13, the server of the main email of the recipient) receives it.

#### **14. COUNTERPARTS**

This Agreement may be executed in any number of counterparts and by different Parties on separate counterparts, each of which when executed and delivered shall constitute an original, but all the counterparts shall together constitute but one and the same instrument.

#### **15. GOVERNING LAW AND SUBMISSION TO THE JURISDICTION**

15.1 This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong.

15.2 The Parties irrevocably agree that the courts of Hong Kong shall have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement. The Parties each submits irrevocably to the non-exclusive jurisdiction of the courts of Hong Kong in relation to such matters.

15.3 Any failure to exercise, or delay in exercising, a right or remedy provided by this Agreement or by law shall not constitute a waiver of such right or remedy or a waiver of other rights of remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law shall prevent further exercise of such right or remedy or the exercise of another right or remedy.

15.4 If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

**16. RIGHTS OF THIRD PARTIES**

- 16.1 A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any of its terms.
- 16.2 Notwithstanding the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), this Agreement may be amended without the consent of any third party.
- 16.3 Each of the parties hereto represents to the other party that any rights that each of them may have to terminate, rescind or agree any amendment, variation, waiver or settlement under this Agreement are not subject to the consent of any person that is not a party to this Agreement.



**SCHEDULE 1**  
**REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

**(a) Information**

All information (whether written or electronic) supplied by the Company or any of its respective officers, directors, employees or advisers in connection with the Placing and the statutory filings and registrations of the Company, as amended, were as at the date of its publication or are at the date thereof (as the case may be) accurate in all material respects and does not and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**(b) Accounts**

The consolidated balance sheet and profit and loss account of the Group as at the Annual Accounts Date as set out in the Group's results announcement for the year ended on the Annual Accounts Date were prepared in accordance with the International Financial Reporting Standards consistently applied (unless otherwise disclosed in the relevant report as published).

**(c) Corporate power and consents**

The Company has full power and authority under its constitutional documents and all applicable laws and regulations to enter into this Agreement and the Placing and (subject to the conditions precedent to Completion as set out in Clause 6.1 being fulfilled) to perform its obligations under this Agreement and the Placing in the manner set out herein and this Agreement (and its performance) has been duly authorised (such authorisation remaining in full force and effect) and executed, and constitutes a valid and legally binding obligation of the Company enforceable in accordance with its terms.

**(d) Compliance in relation to the Placing**

The Company has complied and will comply with all applicable rules and regulations of the Stock Exchange and all applicable rules and codes of the SFC material or relevant to the Placing (including rules governing restrictions on and/or disclosure of dealings) and is not aware of any breach of any such rule, regulation or codes by it or any its subsidiaries.

**(e) Incorporation and share capital**

Each member of the Group (i) has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation and establishment, and (ii) has the requisite power, right or authority to own, use, lease and/or operate its respective assets and to conduct its respective business, and no order has been made, petition filed or resolution passed for its winding up (other than members' voluntary winding up (if any)), no scheme of arrangement has been proposed by it with its creditors or shareholders and no notice of appointment of a liquidator, receiver, administrative receiver or administrator has been served on it.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by CHEN WEI CHUN  
duly authorised for and on behalf of  
SANDMARTIN INTERNATIONAL  
HOLDINGS LIMITED  
in the presence of:- HU LI

胡莉

)  
)  
)  
)  
)

*For and on behalf of*  
**Sandmartin International Holdings Limited**

陳德羽

.....  
*Authorized Signature(s)*

SIGNED by TONY TANG JOSEPH )  
duly authorised for and on behalf of )  
MORTON SECURITIES LIMITED )  
in the presence of:- )



LEE YUEN HAN