

Dated the 20th day of August 2009

- (1) SEWCO INTERNATIONAL HOLDINGS LIMITED
as the Company

- (2) TAIFOOK SECURITIES COMPANY LIMITED
as Placing Agent

PLACING AGREEMENT
in respect of an issue of
convertible bonds by

SEWCO INTERNATIONAL HOLDINGS LIMITED

RICHARDS BUTLER
in association with Reed Smith LLP
20th Floor
Alexandra House
16-20 Chater Road
Central
Hong Kong

THIS AGREEMENT dated 20 August 2009 is made

BETWEEN:-

- (1) SEWCO INTERNATIONAL HOLDINGS LIMITED, a company incorporated in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at 18th Floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon, Hong Kong (the "Company"); and
- (2) TAIFOOK SECURITIES COMPANY LIMITED, a company incorporated in Hong Kong and having its registered office in Hong Kong at 25/F., New World Tower, 16-18 Queen's Road Central, Hong Kong (the "Placing Agent").

WHEREAS:-

- (A) the Company is incorporated in Bermuda and has an authorised share capital of HK\$100,000,000 divided into 1,000,000,000 Shares, of which 445,430,000 Shares have been issued and are fully paid or credited as fully paid; and
- (B) the Company now intends to issue the Placing Bonds and the Company has agreed to appoint the Placing Agent as placing agent of the Company for the purpose of procuring, on a best efforts basis, the Subscribers to subscribe for up to HK\$130,000,000 principal amount of the Placing Bonds on the terms and subject to conditions set out in this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

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

"Annual Report" the Company's published annual report containing the audited consolidated financial statements of the Group for the year ended on the Audited Accounts Date;

"Announcement" the announcement to be made by the Company in relation to, inter alia, this Agreement and the proposed issue of the Bonds, a draft form of which is annexed hereto as "Annexure A";

"Audited Accounts Date" 31 December 2008;

"Business Day" any day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business;

"Bonds"	a series of convertible bonds of an aggregate principal amount of up to HK\$250,000,000 substantially in the form set out in Schedule 1, to be issued by the Company with the benefit of and subject to the provisions of the Conditions and "Bond" shall be construed accordingly;
"Bondholder"	at any time in respect of a Bond the person who is for the time being the registered holder of that Bond;
"Completion"	in respect of each Tranche of the Placing Bonds, the date fixed for completion of that Tranche of the Placing Bonds pursuant to Clause 4 or, where the context so permits or requires, the performance by the parties hereto of their respective obligations under Clause 4 and Schedule 2 in respect of that Tranche of the Placing Bonds;
"Conditions"	the terms and conditions to be attached to or form part of the Bonds, and "Condition" refers to the relative numbered paragraph of the Conditions;
"Conditions Precedent"	the conditions precedent set out in Clause 3(A);
"Code"	the Hong Kong Code on Takeovers and Mergers;
"Connected Person(s)"	the meaning ascribed thereto in the Listing Rules;
"Conversion Rights"	the rights to be attached to the Bonds to convert the principal amount of the Bonds or a part thereof into Shares;
"Conversion Shares"	the Shares falling to be issued by the Company pursuant to the terms and conditions of the Bonds (whether upon exercise by a Bondholder of the Conversion Rights, or otherwise pursuant to the Conditions);
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director;
"Group"	the Company and its subsidiaries (as that term is defined in the Listing Rules);
"Increase in Authorised Share Capital"	the increase in the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$700,000,000 divided into 7,000,000,000 Shares, conditional upon compliance with the relevant requirements under Bermuda law;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;

"Placing"	the offer by way of a private placement of the Placing Bonds by the Placing Agent on the terms and conditions set out in this Agreement;
"Placing Bonds"	Bonds of up to an aggregate principal amount of HK\$130,000,000 to be issued pursuant to this Agreement;
"Placing Period"	the period from (and excluding) the date of satisfaction of the Conditions Precedent to (and including) the date falling on the 70th Trading Day thereafter;
"Right Perfect"	Right Perfect Limited, a company incorporated in the British Virgin Islands;
"Shares"	ordinary shares of HK\$0.10 each in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscriber(s)"	any independent individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Bonds pursuant to the Placing Agent's obligations hereunder and identified in a Placing Notice given pursuant to Clause 4(A) but excluding any investor the issue of the Placing Bonds to which the Company objects as specified in a Confirmation Notice given to Clause 4(A) and which objection has not been withdrawn by the Company in writing;
"Trading Day"	means a day on which securities can be freely traded on the Stock Exchange during the whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur;
"Tranche"	has the meaning ascribed thereto in Clause 2(B);
"Warranties"	the representations, warranties and undertakings contained in Clause 5;
"HK\$" and "cents"	Hong Kong dollars and cents, respectively; and
"SFC"	the Securities and Futures Commission of Hong Kong.

(B) In this Agreement, unless the context otherwise requires, any reference to a "Clause" or a "Schedule" or an "Annexure" is a reference to a clause or a schedule or annexure to this Agreement and, unless otherwise indicated, a reference to a Clause includes all the sub-Clauses of that Clause.

- (C) In this Agreement, words importing the singular include the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) In this Agreement, references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments (whether with or without modification) and any subordinate legislation made under such provisions, and references to time are to Hong Kong time.

2. PLACING OF THE PLACING BONDS

- (A) The Company hereby appoints the Placing Agent and the Placing Agent agrees to act as the placing agent for the Company in connection with the Placing on the terms of this Agreement.
- (B) Subject to fulfilment of the Conditions Precedent, the Placing Agent agrees to procure Subscribers during the Placing Period, on a best effort basis, to subscribe for up to HK\$130,000,000 principal amount of the Placing Bonds. The Company hereby agrees that the Placing Agent may, during the Placing Period, require that Placing Bonds be issued by the Company to the Subscribers in up to 5 separate tranches (each a "Tranche") in such amounts as notified by the Placing Agent in writing to the Company pursuant to Clause 4(A) below, provided that the aggregate principal amount of the Placing Bonds for all Tranches shall not exceed HK\$130,000,000. The Placing Agent shall procure that there be paid to or to the order of the Company the subscription price for the Placing Bonds for which it has procured Subscribers to subscribe on completion of the issue of each relevant Tranche of the Placing Bonds in accordance with the provisions set out in Schedule 2.
- (C) The Placing Agent shall procure that the Subscribers shall provide to the Company such information relating to the Subscribers and their ultimate beneficial owners as may reasonably be required by the Company for disclosure in the announcements and/or circulars of the Company as may be required under the Listing Rules and by the Stock Exchange or SFC and the Placing Agent shall procure that the relevant Subscribers give consents in writing to such disclosure.
- (D) In consideration of the services of the Placing Agent, in respect of each Tranche the Company shall at Completion pay to the Placing Agent a fee equal to two per cent (2%) of the aggregate principal amount of the Placing Bonds issued to Subscribers for that Tranche. The Company hereby authorises the Placing Agent to deduct fees due to the Placing Agent from the subscription moneys payable to the Company and to retain the fees which it is entitled to receive for each Tranche. The Placing Agent (not the Company) shall be responsible for any fees or commissions payable to any sub-placing agent(s) appointed by it pursuant to Clause 2(E).
- (E) The Placing Agent may in turn appoint other sub-placing agent(s) to procure Subscribers for the Placing Bonds provided that the Placing Agent shall remain liable for all acts and omission of any sub-placing agent(s) appointed by it pursuant to this Clause 2(E). 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 Bonds to observe the provisions of this Agreement. The Placing Agent shall be responsible for all loss or damage to any persons (including the Company) arising out of (i) any fraud, default, omission or negligence on the part of the Placing Agent or any sub-placing agent involved in the Placing or (ii) as a result from breach or non-compliance by the Placing Agent or any sub-placing agent with its obligations under this Agreement.

3. INITIAL CONDITIONS PRECEDENT

- (A) The obligations of the parties hereto with respect to the issue of the Placing Bonds are conditional upon:-
- (i) the passing of a resolution by the shareholders of the Company who are permitted to vote under the Listing Rules to approve the issue of the Bonds and the Conversion Shares and the Increase in Authorised Share Capital at a special general meeting of the Company in accordance with the Listing Rules;
 - (ii) (unless a waiver is obtained from the Executive under Rule 4 of the Code) the passing of a resolution by shareholders of the Company who are permitted vote under the Code to approve the issue of the Bonds and the Conversion Shares falling to be issued thereunder in accordance with Rule 4 of the Code;
 - (iii) the Increase in Authorised Share Capital becoming effective; and
 - (iv) the completion of the sale and purchase agreement dated 13 August 2009 entered into between Right Perfect, Great Victory International Inc. and Mr. Cheung Po Lun in relation to Right Perfect's acquisition of 300,000,000 Shares.
- (B) If the Conditions Precedent are not fulfilled on or before 31 December 2009 (or such later date as may be agreed between the Placing Agent and the Company), this Agreement shall thereupon lapse and become null and void and the parties will be released from all obligations hereunder, save for any liability arising out of any antecedent breaches hereof.
- (C) The Company shall use its reasonable endeavours to procure the fulfilment of the Conditions Precedent as soon as possible and in any event on or before the date specified in Clause 3(B). The Company shall notify the Placing Agent as soon as practicable after it becomes aware of fulfilment of the Conditions Precedent set out above.

4. CONDITIONS FOR EACH TRANCHE AND COMPLETION

- (A) During the Placing Period, the Placing Agent shall notify the Company in writing as soon as practicable after it has in compliance with the terms of this Agreement procured persons to subscribe for a Tranche of the Placing Bonds. The Placing Agent shall specify in its notice (the "Placing Notice", a form of which is set out in Schedule 3), the identity (including ultimate beneficial owner) of each person which it has procured to subscribe for the Placing Bonds and the amount of the Placing Bonds proposed to be subscribed by each such person. If so requested by the Company, the Placing Agent shall furnish the Company with such further information requested by the Company, acting reasonably, in

respect of the identity of the proposed placee and/or the ultimate beneficial owner of such persons. The Company shall within three Business Days of receipt of each Placing Notice notify in writing (the "Confirmation Notice") the Placing Agent whether or not it objects to the issue of all or any part of that tranche of the Placing Bonds to any person specified in the Placing Notice and if it does, the identity the objectionable placee. The Company shall not be obliged to issue any Bond to any such objectionable placee unless it withdraws in writing its objection. After receipt of a Confirmation Notice and subject to Clause 4(B)(iii) being fulfilled, the Placing Agent shall promptly in compliance with its obligations under Clause 6(D) of this Agreement provide to the Stock Exchange all information concerning the Subscribers of that Tranche as the Stock Exchange may from time to time require (in particular, the Placing Agent shall obtain independence confirmation referred to in Clause 6(D)). Subject to Clause 4(B) below, the Placing Notice once given shall be irrevocable, unless agreed by the Company and the Placing Agent respectively in writing.

- (B) In addition to the fulfilment of the Conditions Precedent, completion of each Tranche of the Bonds shall be conditional upon:-
- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares in respect of such Tranche of the Placing Bonds;
 - (ii) the Company not having received any objection from the Stock Exchange to the issue of such Tranche of the Placing Bonds; and
 - (iii) (except for the last Tranche of the Placing Bonds to be issued), the aggregate principal amount of Placing Bonds to be issued pursuant to that Tranche is HK\$26,000,000 or integral multiples thereof.
- (C) If the conditions for a Tranche of the Placing Bonds set out in 4(B)(i) and (ii) above are not fulfilled within 14 days from the date of the Confirmation Notice for that Tranche (or such later date as may be agreed between the Placing Agent and the Company), then the obligations of respective parties in respect of the issue of such Tranche of the Placing Bonds shall lapse.
- (D) Completion for each Tranche of the Placing Bonds shall take place on the third Business Day after the date of fulfilment of the conditions for such Tranche of the Placing Bonds as set out in Clause 4(B) above at 11:30 a.m. at the principal office of the Company in Hong Kong and each party shall perform its respective obligations set out in Schedule 2.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (A) The Company hereby represents, warrants and undertakes to the Placing Agent that as at the date hereof and as at each Completion, subject to the matters disclosed in the Annual Report and/or in announcements or circulars made or despatched by the Company now or at any time prior to each Completion:-

- (i) subject to the fulfilment of the Conditions Precedent and the condition set out in Clause 4(B)(i), the Company has the authority to enter into and perform this Agreement and the directors of the Company are authorised to issue the Placing Bonds and that in entering into this Agreement, the Company does not do so in breach of any applicable legislation or rules and this Agreement constitutes, and the Placing Bonds when issued will constitute, valid, binding and enforceable obligations of the Company;
- (ii) subject to the fulfilment of the Conditions Precedent, the Company will at all material times have sufficient authorised but unissued share capital for the Company to perform its obligations under the Bonds (to the extent unconverted) and the Conversion Shares, when issued, will be duly authorised and will rank *pari passu* in all respects with all other Shares in issue at the date of conversion and be entitled to all dividends and distributions the record date for which is on or after the date which the name of the Bondholder is entered on the Company's register of members as holder of the relevant Conversion Shares;
- (iii) all statements of fact contained in the Announcement are true and accurate in all respects and not misleading 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 (as that term is defined in the Listing Rules) 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 materially misleading or which is otherwise material in the context of the Placing;
- (iv) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation 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;
- (v) the Company is not in breach of any applicable law, decree, judgment, legislation, order, regulation, statute, ordinance, treaty or other legislative measure which breach would reasonably be expected to have material and adverse effect on the Group (taken as a whole); and
- (vi) 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 Company, 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 can reasonably be expected to have or has had a material adverse effect upon the financial or business condition or prospects (whether or not arising in the ordinary course of business) of the Group (taken as a whole) or which is material in the context of the Placing.

The foregoing provisions of this Clause 5 shall remain in full force and effect notwithstanding completion of the Placing.

- (B) The representations and warranties set out in Clause 5(A) are given as at the date hereof and shall be deemed to be repeated by Company on each Completion as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The Company undertakes up to and until completion of this Agreement or its earlier termination to notify the Placing Agent of any matter or event coming to its attention prior to the date of each Completion which would or would reasonably be considered to render or have rendered any of the representations and warranties made by it set out in Clause 5(A) untrue, inaccurate or misleading in any material respect. The Company shall not, and shall use all reasonable endeavours to procure that no member of the Group shall, at any time prior to or on the date of each Completion do or omit to do anything which may cause any of the representation and warranties made by it and set out in Clause 5(A) to be untrue.

6. PLACING AGENT'S UNDERTAKINGS

- (A) The Placing Agent undertakes to the Company that the Placing will be effected by telephone conversations leading to concluded contracts and will be confirmed by letters of confirmation and forms of acknowledgement in usual form for such oral agreement.
- (B) The Placing Agent represents, warrants and undertakes to the Company that:-
- (i) the Placing Agent will not, directly or indirectly, engage in price stabilisation in relation to the Placing, or offer, sell or deliver any Placing Bonds or distribute or publish any documents (including, without limitation to the foregoing, 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 subscribe the Placing Bonds), or make any representations or statements in relation to the Placing in any country or jurisdiction except where such offer, sale or delivery is made under circumstances that shall not result in or constitute a breach of any applicable laws and regulations or give rise to a requirement for any prospectus to be published or filed or any registration or qualification to be made or obtained (other than such as are made or obtained by the Placing Agent) in any such country or jurisdiction and all offers, sales and deliveries of the Placing Bonds shall be made on such terms;
 - (ii) the Placing Bonds will not be offered or sold (including in the case of an on-sale by the Placing Agent) in Hong Kong by means of any document or in circumstances which will constitute an offer to the public within the meaning of the Companies Ordinance, and that no invitation or advertisement relating to the Placing Bonds will be made or issued in Hong Kong other than to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent; and
 - (iii) the Placing Agent has full power and authority to enter into this Agreement and obtained all necessary corporate action to authorise the execution and performance of this Agreement.
- (C) The Placing Agent confirms and undertakes that it has not made and shall not make to any person to whom the Placing Bonds 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.

- (D) The Placing Agent will use all reasonable endeavours (exercising due care and making reasonable enquiries) to ensure that (i) the Subscribers and their ultimate beneficial owners (a) are not Connected Persons of the Company, and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates (as defined in the Listing Rules), and (b) are not persons acting in concert with Mr. Suen Cho Hung, Paul, Right Perfect or their respective associates (as defined in the Code); (ii) none of the Subscribers holds, directly or indirectly, any shares of the Company; and (iii) the Subscribers are subscribing for the Placing Bonds as principal and not as agent for others, and shall obtain confirmations to that effect and shall provide a list of the Subscribers or Subscribers of the Placing Bonds to the Stock Exchange.

7. NOTICES

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

If to the Company to:

Address : 18th Floor, Wing Wong Commercial Building
Nos. 557 and 559 Nathan Road
Kowloon
Hong Kong
Facsimile : (852) 2770 5036
Attention : Company Secretary

If to the Placing Agent to:

Address : 25/F., New World Tower, 16-18 Queen's Road Central, Hong Kong
Facsimile : (852) 2973 6741
Attention : Hamon Cheung / Terry Chu

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

8. COSTS AND EXPENSES

- (A) Each party shall bear its own costs and expenses incurred by it in connection with the preparation, negotiation and settlement of this Agreement.
- (B) Capital fees or stamp duty (if any) relating to the issue and delivery of the Placing Bonds pursuant to this Agreement shall be borne by the Company.

9. GENERAL

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

(H) If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

(I) Each party shall on demand of the other do or execute so procure to be done or executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

10. GOVERNING LAW AND JURISDICTION

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

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

SCHEDULE 1

FORM OF NOTE

Sewco International Holdings Limited
(incorporated in Bermuda with limited liability)

Amount : HK\$[●]

Bond No.: [●]

3% CONVERTIBLE BOND DUE 2011

(Being one of the convertible bonds of aggregate principal amount of HK\$250,000,000 (the "Bonds") issued pursuant to the memorandum of association and bye-laws of Sewco International Holdings Limited (the "Issuer") and a resolution of the committee of directors of the Issuer passed on [●] pursuant to the authority granted by a resolution of the Issuer passed on [●].)

This Bond is in registered form and forms part of an issue designated as specified above. The Bonds are subject to, and have the benefit of, the Conditions (defined below).

THIS IS TO CERTIFY that the Issuer will pay [●] of [●], being the registered holder (the "Bondholder") of this Bond on the Maturity Date (as defined in the Conditions) or on such earlier date as such sum may become payable in accordance with the terms and conditions attached hereto which form an integral part of this Bond (the "Conditions") the principal sum of HK\$[●] together with such amount or amounts as may become due and payable in accordance with the Conditions.

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

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

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

Director

Secretary/Director

Bonds:

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

(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding

TERMS AND CONDITIONS OF THE BOND

This Bond shall be held subject to and with the benefit of the terms and conditions set out below and such terms and conditions shall be binding on the Issuer and the Bondholder.

1. DEFINITIONS

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

"**authorised denominations**" means HK\$1,000,000 or integral multiples thereof;

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

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

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

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

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

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

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

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

"**Conversion Price**" means HK\$0.38 per Share (subject to adjustments pursuant to the Conditions);

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

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

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

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

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

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

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

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

"**Issue Date**" means the date of first issue this Bond;

"**Issuer**" means Sewco International Holdings Limited Limited;

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

"**Majority Bondholders**" means at any time holder(s) of at least 51% principal amount of the Bonds then outstanding

"**Maturity Date**" means [*to insert 2nd anniversary of the first issue date*] or, if that is not a Business Day, the first Business Day thereafter;

"**Bonds**" means the 3% convertible bonds due 2011 issued and to be issued by the Issuer pursuant to the Subscription and Placing Agreements with the benefit of and subject to the provisions of the Conditions and "Bond" shall be construed accordingly;

"**Bondholder**" means the person who is for the time being the holder of the Bond;

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

"**Share(s)**" means the ordinary share(s) of HK\$0.10 each in the share capital of the Issuer existing on the date of issue of the Bond and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;

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

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

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

"**Subscription and Placing Agreements**" means the subscription agreement dated 20 August 2009 between the Issuer and Right Perfect Limited and the placing agreement dated 20 August 2009 between the Issuer and Taifook Securities Company Limited;

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

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

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

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

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

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

2 STATUS

- 2.1 The Bonds are in registered form in authorised denominations. Each Bond shall have an identifying number which shall be recorded on the relevant Bond and in the Register. The Bonds are not issuable in bearer form.
- 2.2 The Issuer shall cause to be kept at its own expense a Register outside Hong Kong on which shall be kept the names, addresses (including its registered address and (if different) its correspondence address), facsimile numbers of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and conversions of Bonds.
- 2.3 The obligations of the Issuer arising under the Bonds constitute general, unsubordinated, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer except for obligations accorded preference by mandatory provisions of applicable law. The obligations under the Bonds are incapable of being subordinated except with the consent of the relevant Bondholder.
- 2.4 No application will be made for a listing of the Bonds on any stock exchange.
- 2.5 Each Bondholder shall (except as otherwise required by law) be treated as the absolute owner of the Bonds registered in its name for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of the Bond issued in respect of it) and the Issuer shall not be obliged to recognise any interest in any Bond other than the absolute and exclusive interest of the relevant Bondholder.
- 2.6 The Issuer shall, subject as hereinafter provided, be at liberty from time to time to issue further bonds, notes and other securities, including but not limited to notes ranking pari passu and/or fungible with the Bonds.

3 TRANSFER

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

- 3.5 Registration of transfers of Bonds in accordance with this Condition shall be effected without charge by or on behalf of the Issuer, but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any taxes, duties or other government charges which may be imposed in relation to such transfer.
- 3.6 The Issuer shall not be required to register the transfer of a Bond (or any part thereof) (i) during the period of 7 days up to and including the due date for any payment of principal or premium, if any, on that Bond; or (ii) in respect of which a Conversion Notice has been given in accordance with Condition 7.
- 3.7 Any legal and other costs and expenses (including any registration costs arising from the transfer of the Bonds) which may be incurred by the Issuer in connection with any transfer or assignment of any of the Bonds (or any part thereof) or any request therefor shall be borne by the Issuer.

4 INTEREST

- 4.1 Subject as hereinafter provided, interest will accrue on the principal amount of each Bond from the Issue Date thereof up to and including the day immediately preceding the Maturity Date at the Interest Rate, payable semi-annually in arrears on 30 June and 31 December in each year commencing on 31 December, 2009, provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which case the Interest Payment Date will be brought forward to the previous Business Day.
- 4.2 Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the rate of three (3) per cent. per annum on the principal amount of the Bonds from time to time outstanding.
- 4.3 Interest payable in respect of any Bond on any Interest Payment Date shall be calculated from (and including) (i) in the case of the first Interest Payment Date, the date of issue of the Bonds; or (ii) in any other case, the immediately preceding Interest Payment Date to (and excluding) the date on which interest is payable, plus any interest accrued but unpaid on any earlier Interest Payment Date.
- 4.4 In the event of conversion of the Bonds, the Issuer shall, upon delivery to the Bondholder of the certificates for the Conversion Shares to which the Bondholder shall become entitled in consequence of the conversion, pay interest at the rate specified in Condition 4.2 to the Bondholder in respect of the principal amount of the Bonds being converted calculated from (and including) the last Interest Payment Date immediately preceding the Conversion Date up to (but excluding) the Conversion Date.

5 PAYMENTS

- 5.1 All payments by the Issuer in respect of the Bonds shall be made in Hong Kong dollars for value on the due date to such bank account in Hong Kong as the Bondholder may notify the Issuer in writing from time to time (provided that any such notice shall be given no less than 3 Business Days prior to the date on which any payment is due to be made by the Issuer) or, in the absence of any such notice, by banker's draft to the relevant Bondholder to be delivered by registered post or by hand on the due date by the Issuer to the correspondence address or (in the absence of which) the registered address of that Bondholder in the Register at the risk of the Bondholder, provided in either case that the relevant Bondholder shall be responsible for any loss in respect of the Bond due to it giving inaccurate or late remittance instructions.
- 5.2 All payments by the Issuer in respect of this Bond shall be made in Hong Kong dollars in immediately available funds free and clear of any withholding or deduction for any present or future taxes, imposts, levies, duties or other charge payable by the Issuer. If the Issuer is

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

- 5.3 If the Issuer defaults in the payment of any sum due and payable under the Bond, the Issuer shall pay interest on such sum to the Bondholder from the due date to the date of actual payment in full (both before and after judgment) calculated at the rate calculated at the rate of five per cent. (5%) per annum provided that the Bondholder shall not be entitled to any such interest in respect of a delay in payment as a result of it giving inaccurate or late remittance instructions.
- 5.4 Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business (Hong Kong time) on the second Business Day before the due date for the payment of interest.

6 MATURITY/REDEMPTION

- 6.1 Subject as provided herein, the outstanding principal amount of this Bond shall, unless previously converted into Shares or repaid in accordance with these Conditions, be repaid subject to and in accordance with the terms of the Bond on the Maturity Date. This Bond may not be repaid or otherwise redeemed otherwise than in accordance with these Conditions.
- 6.2 Unless previously converted or purchased or redeemed in accordance with these Conditions, upon presentation of the original of this Bond to at its own expense during normal business hours of the Specified Office, the Issuer shall redeem this Bond on the Maturity Date at the redemption amount which is 100% of the principal amount of this Bond then outstanding.
- 6.3 The Issuer or any of its subsidiaries may at any time and from time to time repurchase Bonds at any price as may be agreed between the Issuer or such subsidiary and the relevant Bondholder. Any Bond so purchased shall forthwith be cancelled by the Issuer.

7 CONVERSION

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

7.3 The right of the Bondholder to repayment of the principal amount of the Bond, and premium (if any), being converted shall be extinguished and released upon exercise of the Conversion Rights in respect thereof.

7.4 The delivery to the Issuer of a Conversion Notice shall constitute a confirmation, representation and warranty by the relevant Bondholder to the Issuer that all governmental, regulatory or other consents or approvals, other steps necessary to be obtained or taken by that Bondholder under any relevant law and the rules of any stock exchange to permit the relevant exercise and lawfully to acquire the Conversion Shares have been obtained or taken by it.

7.5 No Conversion Notice shall be effective (and the Issuer shall not be obliged to issue any Conversion Shares pursuant thereto) if:-

(a) for so long as the Shares remaining listed on the Stock Exchange, it does not contain a confirmation in writing from the converting Bondholder (i) that it will comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to it of Conversion Shares pursuant to such Conversion Notice it and (ii) on the total number of Shares the relevant Bondholder and its associate(s) (as defined under the Listing Rules) will beneficially hold immediately after the issue of the Conversion Shares pursuant to such Conversion Notice;

(b) it is not accompanied by the Bonds the subject of such Conversion Notice and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require); or

(c) it does not include a declaration and confirmation that the beneficial owner of the relevant Bond, and of the relevant Shares to be issued on conversion, is not a resident or national of any jurisdiction where the exercise of the Conversion Rights is prohibited by any law or regulation of that jurisdiction or where compliance with such laws or regulations would require filing or other action by the Issuer; and that delivery of the relevant Bond or relevant Shares will not result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable in that jurisdiction.

7.6 Without prejudice to Condition 7.5, for so long as the Shares remaining listed on the Stock Exchange, the Issuer shall not be obliged to issue any Conversion Shares pursuant to any Conversion Notice if the Issuer, acting reasonably, comes to a view that the issue of Conversion Shares pursuant to such Conversion will cause the issued Shares in the hands of "public" (as defined in Rule 8.24 of the Listing Rules) to fall below the 25% or such other minimum percentage of the total issued share capital of a listed issuer as prescribed under the Listing Rules that must remain in public hands.

8 ADJUSTMENTS

8.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following provisions. If the event giving rise to any such adjustment falls within more than one of sub-paragraphs (a) to (g) inclusive of this Condition 8.1, it shall be deemed to fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs provided that, if such event would be capable of falling within sub-paragraph (h), sub-paragraph (h) shall apply:

- (a) If and whenever there shall be an alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

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

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.

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

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

in each case, where:

- C = the number of Shares in issue immediately before such issue; and
D = the number of Shares in issue immediately after such issue.

- (ii) In the case of an issue of Shares in lieu of a cash dividend ("Scrip Dividend") where the market price (as defined in Condition 8.2) of such Shares exceeds the amount of the cash dividend specifically declared by the Issuer or the relevant part thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{C_1 + D_1}{C_1 + D_2}$$

Where:

- C₁ = is the aggregate nominal amount of Shares in issue immediately before such issue;
D₁ = is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the cash dividend declared and (ii) the denominator is the market price (as defined in Condition 8.2) of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of that cash dividend; and
D₂ = the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an approval investment bank (as defined in Condition 8.2) shall certify to be is fair and reasonable.

Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

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

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

where:

E = the market price (as defined in Condition 8.2) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date immediately preceding the date of the Capital Distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (as the case may require) the immediately preceding day, as determined in good faith by an approved investment bank (as defined in Condition 8.2) of the portion of the Capital Distribution or of such rights which is attributable to one Share,

provided that:

- (i) if in the opinion of the relevant approved investment bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine, and in such event the above formula shall be construed as if F meant, the amount of the said market price that should properly be attributed to the value of the Capital Distribution or rights; and
- (ii) the provisions of this sub-paragraph (c) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the day next following the record date for the Capital Distribution or grant.

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

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

where:

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

- H = the aggregate number of Shares so offered for subscription;
- I = the amount (if any) payable for the right, option or warrant to subscribe for each new Share, plus the subscription price payable for each new Share;
- J = the market price (as defined in Condition 8.2) of one Share on the trading day immediately prior to such announcement.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

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

For the purpose of this sub-paragraph (e), the "total Effective Consideration" receivable for the securities issued shall be deemed to be the consideration receivable by

the Issuer for any such securities plus the additional minimum consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the "**total Effective Consideration per Share**" initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion at the initial conversion rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

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

8.2 For the purposes of this Condition 8:

"**announcement**" shall include the release of an announcement to the press or the delivery or transmission by telephone, telex or otherwise of an announcement to the Stock Exchange;

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

“**approved investment bank**” means an independent investment/merchant bank of repute in Hong Kong or any audit firms of repute in Hong Kong in the opinion of the Issuer acting reasonably, or in respect solely of determining the fair value of options, warrants and other rights referred to in Condition 8.1(d) or the securities referred to in Condition 8.1(e)(i) or the modification referred to in Condition 8.1(e)(ii) any firm of valuer of repute in Hong Kong in the opinion of the Issuer acting reasonably, in each case, selected solely by the Issuer for the purpose of providing a specific opinion or calculation or determination hereunder;

“**Capital Distribution**” means any dividend distribution (whether of cash or assets in specie) by the Issuer for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 8.1(b)(i) by way of capitalisation of reserves and including any Scrip Dividend (as defined in Condition 8.1(b)(ii)) to the extent of any cash dividend specifically declared to the Issuer) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a subsidiary of Issuer), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the market price (as defined in this Condition 8.2), by more than ten per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b), the relevant day is not a Trading Day, the immediately preceding Trading Day.

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

“**issue**” shall include allot;

“**market price**” means the average of the closing prices of a Share on the Stock Exchange for each of the last five (5) Trading Days ending on the last such Trading Day immediately preceding the day on or as of which the market price is to be determined;

“**reserves**” includes unappropriated profits;

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

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

- 8.3 (a) The provisions of sub-paragraphs (b), (c), (d), (e) and (f) of Condition 8.1 shall not apply to:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares, whether or not by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities, provided that an adjustment (if required)

to the Conversion Price has been made under this Condition 8 in respect of the issue of such securities or granting of such rights (as the case may be);

- (ii) an issue of Shares or other securities of the Issuer or any subsidiary of the Issuer wholly or partly convertible into, or rights to acquire, Shares pursuant to any share option scheme adopted by the Issuer in accordance with the Listing Rules; or
 - (iii) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the "market value" of a Share shall mean the average of the closing prices for such Trading Days on which dealings in the Shares took place (being not less than twenty (20) such days) as are selected by the directors of the Issuer for the purposes of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash, provided that the dividend gave rise to an adjustment to the Conversion Price pursuant to Condition 8.1(c) (or would have done but for Condition 8.4); and
 - (iv) an issue of any Bonds pursuant to the Subscription and Placing Agreements or the issue of Shares on conversion of part or the whole of such Bonds.
- (b) Without prejudice to the provisions of sub-paragraph (a) of this Condition 8.3, no adjustment to the Conversion Price pursuant to sub-paragraphs (d) to (g) of Condition 8.1 will be made, if at any time the amount of adjustment that but for this Condition 8.3(b) would have been required to be made pursuant to any of those Conditions, when aggregated with other adjustments that had not been made prior to that time as a result of the operation of this Condition 8.3(b), is less than 1% of the Conversion Price prevailing at that time. Any adjustment not required to be made as a result of this Condition 8.3(b) shall be carried forward and be taken into account in the first subsequent adjustment made pursuant to Conditions 8.1(d) to (g).

8.4 Any adjustment to the Conversion Price shall be made to the nearest one tenth of a cent so that any amount under HK\$0.0005 shall be rounded down and any amount of HK\$0.0005 or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Conversion Price. In addition to any determination which may be made by the directors of the Issuer, every adjustment to the Conversion Price (other than pursuant to Condition 8.1(a) or (b)) shall be certified by an approved investment bank.

8.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.

8.6 If the Issuer or any subsidiary of the Issuer shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Issuer shall appoint an approved investment bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved investment bank shall certify that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 8.4, 8.7 and 8.8 shall apply).

- 8.7 Whenever the Conversion Price is adjusted as herein provided, the Issuer shall as soon as possible but not later than five (5) Business Days after the relevant adjustment has been determined give notice to the Bondholder that the Conversion Price has been adjusted (setting out brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Bond remains outstanding make available for inspection at its principal place of business in Hong Kong a signed copy of the said certificate of the approved investment bank setting forth particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof.
- 8.8 Notwithstanding any other provision of this Condition 8, no adjustment shall be made which would involve an increase in the Conversion Price other than in the case of a consolidation or reclassification of the Shares.

9 PROCEDURE FOR CONVERSION

- 9.1 The Conversion Rights may, subject as provided herein and in Condition 7, be exercised on any Business Day during the Conversion Period by the Bondholder delivering at its own expense to the Issuer during normal business hours at the Specified Office a notice in the form attached as Annexure II duly completed (a "Conversion Notice") stating the intention of the Bondholder to convert such principal amount of this Bond and the address in Hong Kong for the delivery of the share certificates of the Conversion Shares pursuant to Condition 9.2 together with the original of this Bond. Unless the Issuer agrees otherwise in writing, which it may or may not do in its absolute discretion, a Conversion Notice once delivered shall be irrevocable.
- 9.2 The Conversion Shares shall be allotted and issued by the Issuer, credited as fully paid, to the relevant Bondholder or its nominees as it may in writing direct within five (5) Business Days after, and with effect from, the Conversion Date against delivery of the original Bond (which the Bondholder is obliged to deliver to the Issuer following such conversion), and the Issuer shall issue certificates for the Conversion Shares to which the Bondholder or such person as it may direct shall become entitled in consequence of exercising its Conversion Rights in board lots with one certificate for any odd lot of Shares arising from conversion and shall, if such Bondholder so requests in the notice, deposit these share certificates in the CCASS participant's stock account set out in the notice within a further two (2) Business Days, or in the absence of such request by the Bondholder, make these share certificates available for collection by the relevant Bondholder at the Specified Office during normal business hours on any Business Day within the five (5) Business Days period referred to above, and (if appropriate) the original Bond with an endorsement on it by a director of the Issuer for any balance of the Bond not converted shall similarly be made available for collection at the Specified Office within the same five (5) Business Days period.
- 9.3 The Issuer shall pay all stamp duty, issue and registration duties (if any) and levies and charges (if any) payable in Hong Kong in respect of the allotment and issue of the Conversion Shares. Subject to the aforementioned, the Bondholder shall pay all other charges and taxes arising from or in respect of the conversion of the Bond and any profits tax (or its equivalent) against which the Bondholder may be assessed for any disposal of the Bond or Conversion Shares.

10 PROTECTION OF THE BONDHOLDER

- 10.1 So long as any Bonds are outstanding, unless Majority Bondholders gives their prior written approval otherwise:
- (a) the Issuer shall not declare or pay any dividend on any securities other than the Shares;
 - (b) the Issuer shall not authorise or effect a voluntary liquidation of the Issuer;

- (c) the Issuer shall at all times keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the Conversion Rights and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe Shares;
- (d) the Issuer shall not in any way modify the rights attached to the Shares (except as contemplated under Condition 8) as a class or attach any special restrictions thereto;
- (e) the Issuer shall procure that at no time shall there be in issue Shares of different nominal values other than arising from any consolidation or sub-division of the Shares;
- (f) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the Issuer shall use all reasonable endeavours (i) to maintain a listing for all the issued Shares on the Stock Exchange; (ii) to obtain and maintain a listing on the Stock Exchange for all the Conversion Shares; and (iii) to obtain a listing for all the Conversion Shares issued on the exercise of the Conversion Rights attaching to the Bond on any other stock exchange on which any of the Shares are for the time being listed and will forthwith give notice to the holder of the Bond in accordance with Condition 15 of the listing or delisting of the Shares by any such stock exchange;
- (g) the Issuer shall provide the Bondholder with a copy of its annual reports, annual financial statements, interim reports and all other statements and circulars sent by the Issuer to its shareholders within seven (7) Business Days after the Issuer sends the same to its shareholders;
- (h) the Issuer shall ensure that all the Conversion Shares will be duly and validly issued fully paid and registered;
- (i) the Issuer shall comply with and procure the compliance and fulfilment of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Bonds or for the listing of and permission to deal in the Conversion Shares issued or to be issued on the exercise of the Conversion Rights and shall ensure the continued compliance and fulfilment thereof (provided in each case that the Bondholder complies with and satisfies all such conditions applicable to it);
- (j) the Issuer shall procure that (i) no securities issued by the Issuer shall be converted into Shares or exchanged for new Shares except in accordance with the terms of issue thereof, and (ii) no securities issued by the Issuer without rights to convert into Shares or to be exchanged for new Shares shall subsequently be granted such rights;
- (k) the Issuer shall not make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights, it would be required to issue Shares at a discount to their nominal value or otherwise in circumstances not permitted by applicable laws and regulations from time to time (if any); and
- (l) if an offer is made to holders of Shares to acquire all or any proportion of the Shares, the Issuer shall forthwith give notice of such offer to the Bondholder and shall use all reasonable endeavours to procure that a similar offer is extended in respect of the Bond or in respect of any Shares issued on conversion of the Bond during the period of the offer.

11 EVENTS OF DEFAULT

11.1 If any of the following events ("Events of Default") occurs, the Bondholder of this Bond may give notice in writing (a "Default Redemption Notice") to the Issuer that the principal amount of this Bond then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of this Bond shall become immediately due and payable in an amount which is 100% of the principal amount of this Bond then outstanding:

- (a) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange:
 - (i) ceases; or
 - (ii) is suspended for a continuous period of fifteen (15) Trading Days due to the default of the Issuer or any of its directors, officers, employees or agents; or
- (b) the Issuer defaults in performance or observance or compliance with any of its material obligations contained in the Conditions (other than the covenant to pay the principal in respect of the Bonds and the issuance of Conversion Shares pursuant to Condition 9) and such default continues for a period of fifteen (15) Business Days next following after service by the Bondholder holding, or Bondholders together holding, at least 51% of the then outstanding principal amount of the Bonds, of notice requiring such default to be remedied; or
- (c) the Issuer fails to pay the principal when due or the Issuer fails to pay interest on the Bond when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date thereof or the Issuer fails to issue the Conversion Shares in accordance with Condition 9; or
- (d) the occurrence of any event or any action taken or omission made by the Issuer so as to render unlawful the performance or observance or compliance by the Issuer with of any of its material obligations contained in the Conditions, or would otherwise result in any material terms contained in the Conditions be or becoming unenforceable, or would otherwise render this Bond inadmissible as evidence in court; or
- (e) (i) any present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 11.1(e) have occurred equals or exceeds HK\$5,000,000 or its equivalent in any other currency or currencies;
- (f) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Issuer and is not discharged, paid out, withdrawn or remedied within fifteen (15) Business Days; or
- (g) the Issuer becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of

the Issuer or any of its major subsidiaries or the whole or any material part of the undertaking, property, assets or revenues of the Issuer or any of its major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

- (h) an order is made or an effective resolution passed for winding-up of the Issuer, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by the Bondholder or Bondholders together holding not less than 51% of the then outstanding principal amount of the Bonds; or
- (i) a moratorium is agreed or declared in respect of any indebtedness of the Issuer or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Issuer; or
- (j) a Bondholder of any Bond other than this Bond having given a Default Redemption Notice in respect of its Bond.

11.2 The Issuer shall forthwith on becoming aware of any such event as is mentioned in this Condition give notice in writing thereof to the Bondholders. Notwithstanding the foregoing, if the Issuer shall fail to issue the Conversion Shares in accordance with the Conditions, any Bondholder shall be entitled to bring an action against the Issuer for either specific performance or damages.

12 VOTING

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

13 EXPERTS

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

14 REPLACEMENT BONDS

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

15 NOTICES

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

To the Issuer: at its Specified Office (for the attention of the Company Secretary), Facsimile no: (852) 2770 5036

To each Bondholder: as recorded on the Register

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

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

16 AMENDMENT

The Issuer shall not vary, expand or amend the terms and conditions of any Bond or agree to do so otherwise than by agreement in writing between the Issuer and majority Bondholder and any such variation, expansion and amendment shall apply equally to all Bonds regardless of whether any given Bondholder does not participate in the agreement in writing in question and shall be notified to the Bondholders generally and be binding on the Issuer and all Bondholders.

17 PRESCRIPTION

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

18 GOVERNING LAW AND JURISDICTION

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

Annexure I
FORM OF TRANSFER

3% CONVERTIBLE BOND DUE 2011

(Being one of the convertible bonds of aggregate principal amount of HK\$250,000,000 (the "Bonds") issued pursuant to the memorandum of association and bye-laws of Sewco International Holdings Limited (the "Issuer") and a resolution of committee of board of directors dated [●] authorised by a resolution of the board of directors of the Issuer passed on [●] pursuant to the authority granted by a resolution of the Issuer passed on [●].)

Terms defined in the enclosed Bond (as it may be amended from time to time) shall bear the same meaning in this Form of Transfer.

FOR VALUE RECEIVED the undersigned transfers hereby to the transferee (the "Transferee") whose particulars are set out below HK\$..... principal amount of the enclosed Bond, and all rights in respect thereof and irrevocably requests the Issuer to register and to issue new Bonds in accordance with the terms of this Bond (as it may be amended from time to time).

Particulars of the Transferee are as follows:-

(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

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

The Transferee hereby irrevocably represents, warrants and undertakes to the Issuer that it is not a connected person of the Issuer.

Dated:

Transferor's Name:

Transferee's Name:

Transferor's authorised signature:

Transferee's authorised signature:

Witness to Transferor's signature:

Witness to Transferee's signature:

[signature]

[signature]

name

name

Notes:

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

Annexure II
FORM OF CONVERSION NOTICE
3% CONVERTIBLE BOND DUE 2011

(Forming part of an issue of convertible bonds of aggregate principal amount of HK\$250,000,000 (the "Bonds") issued pursuant to the memorandum of association and bye-laws of Sewco International Holdings Limited (the "Issuer") and a resolution of committee of board of directors dated [●] authorised by a resolution of the board of directors of the Issuer passed on [●] pursuant to the authority granted by a resolution of the Issuer passed on [●].)

To : [●]

Terms defined in the enclosed Bond (as may be amended) shall bear the same meaning in this Conversion Notice.

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

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

We hereby irrevocably represent, warrant and undertake to you the following: -

- (a) we, together with our associates (as defined under the Listing Rules), will beneficially hold [*] Shares immediately after the issue of the Conversion Shares pursuant to this Conversion Notice;
- (b) we shall comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to us of Conversion Shares pursuant to this Conversion Notice;
- (c) our exercise of the Conversion Rights is not prohibited by any law or regulation of any jurisdiction of which each of us or our beneficial owner or the beneficial owner(s) of the Conversion Shares is a resident or national, and would not require filing or other action by the Issuer to comply with such laws or regulations; and
- (d) the delivery of the relevant Bond or Conversion Shares will not result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable in any

jurisdiction of which each of us or our beneficial owner or the beneficial owner(s) of the Conversion Shares is a resident or national.

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

Signature of Bondholder:

Dated [•] 200[•]

SCHEDULE 2

COMPLETION REQUIREMENTS

1. Obligations of the Company

At Completion, the Company shall deliver to the Placing Agent:-

- (a) a certified copy of the board resolution of the Company approving and authorising the execution and completion of this Agreement (to the extent that such board resolution has not already been delivered by the Company to the Placing Agent prior to such Completion);
- (b) a certified copy of the resolution of the board of directors of the Company (or a duly authorised committee thereof) approving and authorising the issue of the relevant Tranche of Placing Bonds upon the terms and subject to the Conditions;
- (c) evidence reasonably satisfactory to the Placing Agent of the fulfilment of the Conditions Precedent and the conditions set out in Clause 4(B)(i) (to the extent that such evidence has not already been delivered by the Company to the Placing Agent prior to such Completion); and
- (d) the Placing Bond(s) duly issued in favour of such person(s) and in such amounts as the Placing Agent shall notify to the Company in writing not less than three Business Days prior to such Completion.

2. Obligations of the Placing Agent

At each Completion, the Placing Agent shall:-

- (a) deliver to the Company reasonable evidence of the authority of each Subscriber of the Placing Bonds (if a corporation) for the subscription of the relevant Bond; and
- (b) in respect of the Placing Bonds make or procure the making of payments to the Company in cleared funds in Hong Kong dollars of the aggregate amount of the Placing Bonds (less the amounts referred to in Clause 2(D) of the Agreement) and such payment shall be made for value on the date of Completion to such bank account held with a bank in Hong Kong as may be notified by the Company to the Placing Agent at least two Business Days before each Completion.

SCHEDULE 3

FORM OF PLACING NOTICE

To: Sewco International Holdings Limited

[Date]

Dear Sirs,

Placing Agreement dated 20 August 2009 in respect of an issue of convertible bond by Sewco International Holdings Limited entered into between Sewco International Holdings Limited and Taifook Securities Company Limited ("Placing Agreement")

This is the Placing Notice as referred to in Clause 4(A) of the Placing Agreement. Terms used in this letter have the same meaning as defined in the Placing Agreement.

We have procured the following persons to subscribe for the Placing Bonds:-

Subscribing persons	Identification No./ Registered office or address (in the case of an individual)	Ultimate beneficial owner (in the case of corporation only)	Principal amount of the Placing Bonds proposed to subscribe
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]

Yours faithfully,

Taifook Securities Company Limited

SCHEDULE 4

FORM OF CONFIRMATION NOTICE

To: Taifook Securities Company Limited

[Date]

Dear Sirs,

Placing Agreement dated 20 August 2009 in respect of an issue of convertible bond by Sewco International Holdings Limited entered into between Sewco International Holdings Limited and Taifook Securities Company Limited ("Placing Agreement")

This is the Confirmation Notice as referred to in Clause 4(A) of the Placing Agreement. Terms used in this letter have the same meanings as defined in the Placing Agreement.

We confirm we do not have any objection to the proposed placees as listed in your Placing Notice dated [*].

OR

We object to the following persons becoming a Subscriber of the Placing Bonds:-

[INSERT NAMES OF OBJECTIONABLE PLACEES.]

We confirm we do not have any objection to the other proposed placees as listed in the Placing Notice dated [*] other than the above.]

Yours faithfully,

Sewco International Holdings Limited

ANNEXURE A
ANNOUNCEMENT

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

13.52(5)
14.88

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Sewco International Holdings Limited.

Right Perfect Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

[logo]
Sewco International Holdings Limited
崇高國際控股有限公司*
*(Incorporated in Bermuda with limited liability)
(Stock code: 209)*

**Financial Adviser to
Right Perfect Limited**
[logo]

Taifook Capital Limited

JOINT ANNOUNCEMENT

**(1) AGREEMENT IN RELATION TO
THE SALE AND PURCHASE OF SHARES IN
SEWCO INTERNATIONAL HOLDINGS LIMITED**

**(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
TAIFOOK SECURITIES COMPANY LIMITED**

[Logo of Taifook Securities]
**ON BEHALF OF
RIGHT PERFECT LIMITED
FOR ALL THE ISSUED SHARES IN
SEWCO INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED
BY RIGHT PERFECT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

(3) INCREASE IN AUTHORISED SHARE CAPITAL

**(4) CONDITIONAL PLACING AND SUBSCRIPTION
OF CONVERTIBLE BONDS**

**(5) RESUMPTION OF TRADING IN THE SHARES OF
SEWCO INTERNATIONAL HOLDINGS LIMITED**

**for identification purpose only*

THE AGREEMENT

Pursuant to the Agreement dated 13 August 2009 among the Offeror, the Vendor and the Warrantor, the Vendor agreed to sell and the Offeror agreed to acquire 300,000,000 Shares in aggregate, representing approximately 67.35% of the issued share capital of the Company as at the date of this joint announcement. The total consideration for the Sale Shares is HK\$120,000,000 which was agreed between the Offeror and the Vendor after arm's length negotiations and represents HK\$0.4 per Sale Share. Upon the signing of the Agreement, the Offeror paid a sum of HK\$5,000,000 to the Vendor as earnest money. The balance of the total consideration, being HK\$115,000,000, for the Sale Shares will be settled by the Offeror in full in cash upon Completion.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, neither the Offeror nor any parties acting in concert with it had any interest in the share capital or voting rights of the Company. Upon Completion, the Offeror and parties acting in concert with it will be interested in a total of 300,000,000 Shares, representing approximately 67.35% of the issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Taifook Securities will make the Offer, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

For every Offer ShareHK\$0.4 in cash

On the basis of the Offer Price of HK\$0.4 per Offer Share and [445,430,000] Shares in issue as at the date of this joint announcement, the entire market capitalisation of the issued share capital of the Company would be HK\$[178,172,000]. Excluding the 300,000,000 Sale Shares to be acquired by the Offeror pursuant to the Agreement, [145,430,000] Shares will be subject to the Offer and the total consideration of the Offer would be HK\$[58,172,000] on the basis of the Offer Price.

THE PLACING AND THE SUBSCRIPTION

On [20] August, 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed amongst other things to procure, on a best efforts basis, independent placees to subscribe in cash for Convertible Bonds up to the principal amount of HK\$[130,000,000]. The Company has agreed that the Placing Agent may, at any time during the Placing Period, require the Convertible Bonds to be issued in up to [five] separate tranches in the principal amount of the Convertible Bonds comprised in each tranche of HK\$[26,000,000] or integral multiples thereof.

On [20] August, 2009, the Company entered into the Subscription Agreement with Right Perfect, pursuant to which Right Perfect has agreed to subscribe for up to an aggregate principal amount of HK\$[120,000,000] of the Convertible Bonds, on the

basis of HK\$24,000,000 in principal amount of Convertible Bonds for every HK\$26,000,000 of the Convertible Bonds placed by the Placing Agent pursuant to the Placing Agreement].

The issue of Convertible Bonds pursuant to the Placing and the Subscription is subject to the fulfilment of conditions precedent disclosed below.

Assuming all the Convertible Bonds are placed to independent places and subscribed by Right Perfect, upon full conversion of the HK\$[250,000,000] principal amount of the Convertible Bonds at the Initial Conversion Price, a total of [657,894,736] Conversion Shares will be issued, representing approximately [147.7]% of the existing issued share capital of the Company and approximately [59.63]% of the Company's issued share capital as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

The Convertible Bonds are proposed to be issued pursuant to a specific mandate to be granted by Shareholders at the SGM. Right Perfect will on completion of the Agreement become a controlling shareholder of the company (as defined in the Listing Rules). It has agreed that, if it is a Shareholder at the SGM, it and its associates shall abstain from voting on the resolution, among other things, to approve the issue of the Convertible Bonds pursuant to Rule 2.15 of the Listing Rules.

On the assumption that all Convertible Bonds are fully placed and subscribed, the net proceeds from the Placing and the Subscription will be approximately HK\$[245.4] million.

The Company also proposes the Increase in Authorised Share Capital as a condition precedent to the issue of the Convertible Bonds and to facilitate the issue of the Conversion Shares.

GENERAL

In accordance with Rule 8.2 of the Takeovers Code, an offer document containing, among other things, details of the Offer, together with the relevant forms of acceptance and transfer, will be despatched to the Shareholders as soon as practicable, but in any event within 21 days of the date of this joint announcement.

As required under the Takeovers Code, the Company will despatch the offeree board circular in relation to the Offer to the Shareholders within 14 days of the posting of the offer document, or such later date as the Executive may consent to. Such consent will only be given if the Offeror agrees to an extension of the first closing date by the number of days in respect of which the delay in the posting of the offeree board circular is agreed.

The Independent Board Committee comprising all the independent non-executive Directors, who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders in respect of the Offer, in particular as to whether the Offer is or is not fair and reasonable and as to acceptance. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee in respect of the Offer. The appointment of the

independent financial adviser will be approved by the Independent Board Committee and a further announcement will be made by the Company in this regard.

A SGM will be convened by the Company at which a resolution will be proposed to seek approval of (i) the Increase in Authorised Share Capital; and (ii) the issue of the Convertible Bonds pursuant to the Placing Agreement and the Subscription Agreement and the issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. Right Perfect and its associates will abstain from voting on the resolution.

A circular containing, among other things (i) details of the Placing and the Subscription; (ii) the Increase in Authorised Share Capital; and (iii) the notice of the SGM will be sent to shareholders of the Company as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on [*] August 2009.

Warning

The Offer is a possibility only. The making of the Offer is subject to Completion which may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE AGREEMENT

Pursuant to the Agreement dated 13 August 2009 among the Offeror, the Vendor and the Warrantor, the Vendor agreed to sell and the Offeror agreed to acquire 300,000,000 Shares in aggregate, representing approximately [67.35]% of the entire issued share capital of the Company as at the date of this joint announcement. The principal terms of the Agreement are summarised below.

Date

13 August 2009

Parties

Vendor : Great Victory International Inc., which is the controlling Shareholder holding 300,000,000 Sale Shares, representing approximately [67.35]% of the issued share capital of the Company as at the date of this joint announcement and is a company beneficially and wholly-owned by Mr. Cheung

Purchaser : Right Perfect Limited, which is ultimately beneficially and wholly-owned by Mr. Suen through his entire interest in Smart Legend

Warrantor : Mr. Cheung, as warrantor to give certain warranties, undertakings and indemnities in favour of the Offeror under the Agreement

Subject of the Agreement

Pursuant to the Agreement, the Vendor agreed to sell and the Offeror agreed to acquire the Sale Shares, being 300,000,000 Shares in aggregate, representing approximately [67.35]% of the issued share capital of the Company as at the date of this joint announcement.

The Sale Shares will be sold free from all Encumbrances and with all rights attaching thereto falling on or after the Completion Date (including the rights to receive all dividends and distributions declared, made or paid with the record date falling on or after the Completion Date) at the Consideration.

Consideration

The total consideration for the Sale Shares is HK\$120,000,000 (equivalent to HK\$0.4 per Sale Share) which was agreed among the Vendor and the Offeror after arm's length negotiations and has been paid or shall be payable by the Offeror in the following manner:

- (i) the sum of HK\$5,000,000 as earnest money (the "Deposit") was paid to the Vendor upon the signing of the Agreement; and
- (ii) the remaining balance of HK\$115,000,000 shall be payable to the Vendor or such other recipient as the Vendor shall direct upon Completion.

The Deposit shall be non-refundable unless:

- (i) the Agreement is terminated because of non-fulfilment of condition (iii) as set out in the paragraph headed "Conditions precedent to the Agreement" below; or
- (ii) following satisfaction or (where applicable) waiver of all the conditions precedent as set out in the paragraph headed "Conditions precedent to the Agreement" below, the Vendor fails to complete the Agreement otherwise than as a result of the default of the Offeror,

in which case the Deposit together with all interests accrued thereon shall be paid to the Offeror by the Vendor forthwith.

Conditions precedent to the Agreement

Completion shall be conditional upon fulfilment and the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Stock Exchange and the Executive confirming in writing that they have no further comment on this joint announcement in respect of the transactions contemplated under the Agreement and the publication of this joint announcement on the Stock Exchange's website;
- (ii) no written notice being received on or before the Completion Date from the SFC or the Stock Exchange to the effect that the listing of the Shares on the main board of the Stock Exchange will or may be withdrawn (or conditions will or may be attached thereto) as a result of Completion or in connection with the terms of or any transaction contemplated by the Agreement (including, but not limited to, in connection with an allegation that the Company is no longer suitable for listing);
- (iii) no order has been made or petition presented or resolution passed for the winding up of the Company; and
- (iv) the warranties, representations and undertakings set out in the Agreement given by the Vendor and the Warrantor remaining true and accurate in all material respects.

The Offeror may at its absolute discretion at any time waive in writing any of the conditions precedent of the Agreement (to the extent it is capable of being waived). If the conditions precedent are not fulfilled or waived on or before 5:00 p.m. on 12 October 2009 or such later date as the Offeror may agree in writing, the Agreement shall lapse and be of no further effect in accordance with the Agreement. No party to the Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Agreement.

Completion

Pursuant to the Agreement, the Completion shall take place on the fifth Business Day after the fulfilment (or waiver) of condition precedent (i) of the Agreement as set out in the paragraph headed "Conditions precedent to the Agreement" above or such other date as the parties to the Agreement may agree in writing. Subject to satisfaction or waiver of all the conditions precedent as set out in the paragraph headed "Conditions precedent to the Agreement" above, Completion is expected to take place on the fifth Business Day after the fulfilment of condition precedent (i) of the Agreement as set out in the paragraph headed "Conditions precedent to the Agreement" above, which is expected to be on or about [26] August 2009. A separate announcement regarding Completion will be made by the Company and the Offeror in this regard.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, neither the Offeror, Mr. Suen nor any of the parties acting in concert with any one of them had any interest in the share capital or voting rights of the Company. Upon Completion, the Offeror and parties acting in concert with it will be interested in a total of 300,000,000 Shares, representing approximately [67.35]% of the issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional general offer

R3.5 (e)

R3.5 (c) (i)
& (ii)

in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the date of this joint announcement, the Company has [445,430,000] Shares in issue and does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

R3.5 (c)
(iv)

Principal terms of the Offer

R3.5 (a)

Taifook Securities will make the Offer, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

For every Offer ShareHK\$0.4 in cash

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

Comparison of value

The Offer Price of HK\$0.4 is equal to the price per Share paid by the Offeror under the Agreement and represents:

- (i) a premium of approximately 14.29% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 14.29% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day of HK\$0.35 per Share;
- (iii) a premium of approximately 19.40% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day of HK\$0.335 per Share; and
- (iv) a premium of approximately 5.26% over the audited consolidated total equity attributable to Shareholders of approximately HK\$0.38 per Share as at 31 December 2008.

Value of the Offer

On the basis of the Offer Price of HK\$0.4 per Offer Share and [445,430,000] Shares in issue as at the date of this joint announcement, the entire market capitalisation of the issued share capital of the Company would be HK\$[178,172,000]. Excluding the 300,000,000 Sale Shares to be acquired by the Offeror pursuant to the Agreement, [145,430,000] Shares will be subject to the Offer and the total consideration of the Offer would be HK\$[58,172,000] on the basis of the Offer Price.

Financial resources available to the Offeror

Taifook Securities is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer. The Offer will be financed by loan facilities provided by Taifook Securities in addition to the personal resources of Mr. Suen.

R3.5

Stamp duty

Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as practicable but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Other arrangements

As at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer. Save for the Agreement, there is no agreement or arrangement to which the Offeror or Mr. Suen is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

R3.5 (f)
& (g)

As at the date of this joint announcement, none of the Offeror, Mr. Suen nor parties acting in concert with any one of them has received any irrevocable commitment to accept the Offer.

R3.5
(c)(iii)

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in Bermuda and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. Shareholders outside Hong Kong wishing to participate in the Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

INFORMATION ON THE OFFEROR

R3.5 (b)

The Offeror is an investment holding company incorporated in the BVI with limited liability and is beneficially and wholly-owned by Smart Legend. Smart Legend is in turn beneficially and wholly-owned by Mr. Suen, who is also the sole director of the Offeror and Smart Legend. As at the date of this joint announcement, the Offeror and Smart Legend do not have any principal assets or business operations other than the entering into of the Agreement.

Mr. Suen, aged 48, holds a Master of Business Administration degree from the University of South Australia and is a merchant. Mr. Suen is an executive director and the Chairman of China Yunnan Tin Minerals Group Company Limited (stock code: 263) and Poly Development Holdings Limited (stock code: 1141) and BEP International Holdings Limited (stock code: 2326), all being listed companies in Hong Kong.

Save for the proposed acquisition of the Sale Shares under the Agreement, none of the Offeror nor parties acting in concert with any of them has dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares during the period commencing on the date falling six months prior to the date of the Agreement and up to the date of this joint announcement. The Offeror and its beneficial owner are Independent Third Parties.

R3.5 (d)

The Offeror, Mr. Suen and parties acting in concert with any one of them have not entered into any contracts in relation to the outstanding derivatives in respect of securities in the Company nor borrowed or lent any relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) in the Company.

R3.5 (h)

INFORMATION ON THE GROUP

The Company is an investment holding company with its subsidiaries principally engaged in the manufacture and trading of toys.

The Group recorded audited loss attributable to equity holders of the Company of approximately HK\$55,773,000 and approximately HK\$84,274,000 for the two financial years ended 31 December 2007 and 2008 respectively. The audited consolidated total equity attributable to equity holders of the Company as at 31 December 2007 and 31 December 2008 were approximately HK\$244,101,000 and HK\$167,271,000 respectively.

OFFEROR'S INTENTION ON THE GROUP

[It is the intention of the Offeror that the Group will continue its existing principal activities. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offer. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Group and will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the date of this joint announcement, the Offeror has no intention or concrete plans for any acquisition or disposal of assets and/or business by the Group.]

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

The Board is currently made up of seven Directors, comprising four executive Directors, being Ms. Cheung Yan, Priscilla, Ms. Cheung Man, Catherine, Mr. Hui Kwok Chu and Mr. Sham Lok Shing, Edward and three independent non-executive Directors, being Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin.

After the despatch of the offer document, the Offeror will nominate new Director(s) to the Board, representing a majority of the Board. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

LR13.51
(2)(b)

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The new Directors to be nominated by the Offeror to the Board and the sole director of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes an increase in authorised share capital from HK\$[100,000,000] divided into [1,000,000,000] Shares of HK\$[0.10] each to HK\$[700,000,000] divided into [7,000,000,000] Shares of HK\$[0.10] each by the creation of [6,000,000,000] Shares of HK\$0.10 each to facilitate the Placing and the Subscription.

14.58(2)

THE PLACING

The Placing Agreement contains the principal terms set out below:-

Issuer: The Company

13.28(10)

Placing Agent: Taifook Securities. To the best of the director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent is a third party independent of the Company and Connected Persons of the Company.

Taifook Securities will also make the Offer on behalf of the Offeror upon Completion.

The Placing Agreement: On [20] August, 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent will on a best efforts basis procure independent placees to subscribe in cash for

the Convertible Bonds up to an aggregate principal amount of HK\$[130,000,000] during the Placing Period and the Convertible Bonds may be issued in up to five separate tranches.

**Initial Conditions
Precedent:**

The Placing is conditional upon:

- (i) the passing of a resolution by the Shareholders who are permitted to vote under the Listing Rules to approve the issue of the Convertible Bonds and the Conversion Shares and the Increase in Authorised Share Capital at a special general meeting of the Company in accordance with the Listing Rules; 13.28(11)
(14)
- (ii) [(unless a waiver is obtained from the Executive under Rule 4 of the Takeovers Code) the passing of a resolution by Shareholders who are permitted to vote under the Takeovers Code to approve the issue of the Convertible Bonds and the Conversion Shares in accordance with Rule 4 of the Takeovers Code];
- (iii) the Increase in Authorised Share Capital becoming effective; and
- (iv) Completion.

If the initial conditions precedent are not fulfilled on or before [31 December], 2009 (or such later date as may be agreed between the Placing Agent and the Company), the Placing Agreement shall thereupon lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of any antecedent breaches.

[In light of the Offer, the Placing is considered a frustrating action under Rule 4 of the Takeovers Code and is generally subject to Shareholders' approval. Right Perfect has consented in writing to the issue of the Placing Bonds and the Company has applied for [, and the Executive has granted,] a waiver from the requirement for the Company to obtain Shareholders' approval in general meeting in relation to the Placing pursuant to Note 1 to Rule 4 of the Takeovers Code.]

**Placing
Conditions
Precedent:**

In addition to the fulfilment of the initial conditions precedent, completion of the Placing of each tranche of the Convertible Bonds shall be conditional upon:-

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares in respect of such tranche of the Placing Bonds;
- (ii) the Company not having received any objection from the Stock Exchange to the issue of such tranche of the Placing Bonds; and
- (iii) (except for the last tranche of the Placing Bonds to be issued) the aggregate principal amount of Placing Bonds to be issued pursuant to that tranche is HK\$[26,000,000] or integral multiples thereof.

If the Placing Conditions Precedent for any tranche of the Convertible Bonds set out above are not fulfilled within 14 days from the date of notification by the Placing Agent that the Placing Agent has procured subscribers for such tranche of the Convertible Bonds or such later date as the parties may agree in writing, then the obligations of the parties in respect of the issue of such tranche of the Convertible Bonds shall lapse. Each notification of the Placing Agent, once given, is irrevocable, unless agreed to by both parties in writing.

Placing Agent:

The Placing Agent will receive a placement commission of 2% of the aggregate principal amount of the Placing Bonds for which it has procured subscribers.

Places:

The Placing Agent will use all reasonable endeavours (exercising due care and making reasonable enquiries) to ensure that (i) the subscribers and their ultimate beneficial owners (a) are not Connected Persons of the Company, and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates (as defined in the Listing Rules), and (b) are not persons acting in concert with Right Perfect or its associates (as defined in the Takeovers Code); (ii) none of the subscribers holds, directly or indirectly, any shares of the Company; and (iii) the subscribers are subscribing for the Placing Bonds as principal and not as agent for others.

THE SUBSCRIPTION

The Subscription Agreement contains the principal terms set out below:-

Issuer: The Company

13.28(10)

Subscriber: Right Perfect (i.e. the Offeror)

The Subscription Agreement: On [20] August, 2009, the Company entered into the Subscription Agreement with Right Perfect, pursuant to which Right Perfect has agreed to subscribe for up to an aggregate principal amount of HK\$[120,000,000] of the Convertible Bonds, on the basis of HK\$24,000,000 in principal amount of Convertible Bonds for every HK\$26,000,000 of the Convertible Bonds placed by the Placing Agent pursuant to the Placing Agreement]. 14.58(4)

Initial Conditions Precedent: The Subscription Agreement is conditional upon:

- (i) the passing of a resolution by the shareholders of the Company who are permitted to vote under the Listing Rules to approve the issue of the Bonds and the Conversion Shares and the Increase in Authorised Share Capital at a special general meeting of the Company in accordance with the Listing Rules; 13.23(11)
(14)
- (ii) [(unless a waiver is obtained from the Executive under Rule 4 of the Takeovers Code) the passing of a resolution by Shareholders who are permitted to vote under the Takeovers Code to approve the issue of the Convertible Bonds and Conversion Shares in accordance with Rule 4 of the Takeovers Code];
- (iii) the Increase in Authorised Share Capital becoming effective; and
- (iv) Completion.

If the initial conditions precedent are not fulfilled on or before [31 December] 2009 (or such later date as may be agreed between Right Perfect and the Company), the Subscription Agreement shall thereupon lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of any antecedent breaches.

Subscription Conditions Precedent: In addition to the fulfilment of the initial conditions precedent, completion of the Subscription of each tranche of the Convertible Bonds shall be conditional upon:-

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares in respect of such tranche of the Subscription Bonds;
- (ii) the Company not having received any objection from the Stock Exchange to the issue of such tranche of the Subscription Bonds; and
- (iii) the issue of the Placing Bonds referred to in the relevant

completion notice given by the Company to Right Perfect.

If the initial conditions precedent for any tranche of the Convertible Bonds set out above are not fulfilled within 14 days from the date of the completion notice given by the Company for such tranche of Convertible Bonds or such later date as the parties may agree in writing, then the obligations of the parties in respect of the issue of such tranche of the Subscription Bonds shall lapse. Each completion notice, once given, is irrevocable, unless agreed to by both parties in writing.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The following describes certain of the principal terms of the Convertible Bonds:-

Aggregate Principal amount of the Convertible Bonds:	up to HK\$[250,000,000]	13.28(2)(a)
Authorized denomination for issue, transfer, conversion and redemption:	HK\$[1,000,000]	
Maturity Date:	the second anniversary from the date of issue of the [first] Convertible Bond.	
Conversion Period:	The holder of the Convertible Bonds can convert the outstanding principal amount of the Convertible Bonds in whole or in part into Shares at any time from the relevant date of issue until a date which is seven days prior to (and excluding) the maturity date.	
Conversion Price:	HK\$[0.38] per Conversion Share, subject to adjustments in certain events, including share consolidation, share subdivision, capitalization issues, capital distribution, rights issue and issues of other securities.	
Interest Rate:	3% per annum.	
Transferability:	The Convertible Bonds are transferrable except that prior written consent of the Company's required in respect of a transfer to a connected person of the Company.	
Voting:	Holders of Convertible Bond will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of them being holders of Convertible Bonds.	
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.	

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

Ranking:

The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds will rank pari passu in all respects with all other Shares outstanding on the date the name of the bondholder is entered on the register of the members of the Company as a holder of the Conversion Shares.

Conversion rights:

Holders of the Convertible Bonds intending to convert are required to provide written confirmation to the Company, among other things, (i) that it will comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to it of the Conversion Shares; and (ii) on the total number of the Shares the relevant holders of the Convertible Bonds and its associate(s) (as defined in the Listing Rules) will beneficially hold immediately after the issue of the Conversion Shares.

The Company shall not be obligated to issue any Conversion Shares if such conversion shall render the Shares held in public hands being less than the minimum public float required under the Listing Rules.

Redemption and Repurchase:

The Company shall redeem the Convertible Bonds at 100% of the principal amount outstanding on the maturity date. The Company may at any time elect to repurchase in whole or in part at a price agreed between the Company and the holder of the Convertible Bonds.

INITIAL CONVERSION PRICE

The Initial Conversion Price, being of HK\$[0.38] per Conversion Share represents:-

13.28(4)(8)

- (i) a premium of approximately [8.57]% to the closing price of HK\$0.35 per Share quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a premium of approximately [8.57]% to the average closing price of HK\$0.35 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the Last Trading Date.

The Initial Conversion Price was determined with reference to (i) the [net asset value per Share] as at 31 December 2008, and (ii) the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, Right Perfect and the Placing Agent.

13.28(5)

Assuming all the Convertible Bonds are successfully placed by the Placing Agent and subscribed by Right Perfect, upon full conversion of the HK\$[250,000,000] principal amount of the Convertible Bonds at the Initial Conversion Price, [657,894,730] Conversion Shares will be issued, representing approximately [147.7]% of the existing issued share capital of the Company and approximately [59.63]% of the Company's issued share capital as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

13.28(2)(b)

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

As stated in the Company's 2008 annual report, the Company has undertaken aggressive internal restructuring late last year with the aim of controlling costs and improving management of its manufacturing operations and margins. With the gradual improvement in the operating environment of manufacturers in 2009, further enhancement of the fruits of last year's restructuring is under review, including the possible relocation or expansion of operating facilities to localities that supports lower operating costs.

13.28(6)
13.28(3)
14.58(8)

The Placing and the Subscription present a good opportunity for the Company to raise capital for its use, as stringent lending policies of banks in current market environment has made new borrowings or maintenance of existing bank facilities a rather difficult exercise for manufacturers such as the Group.

The net proceeds of the Placing and the Subscription (assuming that all HK\$250,000,000 Convertible Bonds are issued as a result) amount to approximately HK\$[245.4] million, which are intended to be applied, as to approximately HK\$[120 million] for the construction of a new plant at a location where the Group can operate at a lower cost without compromising quality of output, approximately HK\$[80] million for the repayment of bank borrowings, should that become necessary for any reason, and as to the balance of approximately HK\$[45.4] million as working capital of the Group to fund its sales programmes and normal asset replenishment in the current year and 2010.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

13.28(9)

LISTING RULES IMPLICATIONS

The Convertible Bonds are proposed to be issued pursuant to a specific mandate to be granted by Shareholders at the SGM. Right Perfect will on completion of the Agreement become a controlling shareholder of the company (as defined in the Listing Rules). It has agreed that, if it is a shareholder of the Company at the SGM, it and its associates shall abstain from voting on the resolution to approve the issue of the Convertible Bonds pursuant to Rule 2.15 of the Listing Rules.

SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately after Completion; (iii) after the Completion and assuming the exercise in full upon conversion of the Convertible Bonds under the Placing and the Subscription at the Initial Conversion Price:

	As at the date of this joint announcement		Immediately after Completion		After the Completion and assuming the exercise in full upon conversion of the Convertible Bonds under the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor (Note)	300,000,000	[67.35]	-	-	-	-
The Offeror and parties acting in concert with it	-	-	300,000,000	[67.35]	615,789,473	[55.81]
Independent places under the Placing	-	-	-	-	342,105,263	[31.01]
Public Shareholders	[145,430,000]	[32.65]	[145,430,000]	[32.65]	[145,430,000]	[13.18]
Total	[445,430,000]	100.00	[445,430,000]	100.00	[1,103,324,736]	100.00

Note: The Vendor is a company wholly-owned by Mr. Cheung.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of

the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

GENERAL

In accordance with Rule 8.2 of the Takeovers Code, an offer document containing, among other things, details of the Offer, together with the relevant forms of acceptance and transfer, will be despatched to the Shareholders as soon as practicable, but in any event within 21 days of the date of this joint announcement.

As required under the Takeovers Code, the Company will send the offeree board circular in relation to the Offer to the Shareholders within 14 days of the posting of the offer document, or such later date as the Executive may consent to. Such consent will only be given if the Offeror agrees to an extension of the first closing date by the number of days in respect of which the delay in the posting of the offeree board circular is agreed.

The Independent Board Committee comprising all the independent non-executive Directors, who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders in respect of the Offer, in particular as to whether the Offer is or is not fair and reasonable and as to acceptance. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee in respect of the Offer. The appointment of the independent financial adviser will be approved by the Independent Board Committee and further announcement will be made by the Company in this regard.

A SGM will be convened by the Company at which a resolution will be proposed to seek approval of (i) the Increase in Authorised Share Capital; and (ii) the issue of the Convertible Bonds pursuant to the Placing Agreement and the Subscription Agreement and the issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. Right Perfect and its associates will abstain from voting on the resolution.

A circular containing, among other things (i) details of the Placing and the Subscription; (ii) the Increase in Authorised Share Capital; and (iii) the notice of the SGM will be sent to shareholders of the Company as soon as practicable.

WARNING

The Offer is a possibility only. The making of the Offer is subject to Completion which may or may not proceed. Shareholders and investors are advised to exercise caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on [*] August 2009.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Agreement”	the sale and purchase agreement dated 13 August 2009 entered into among the Offeror, the Vendor and the Warrantor in relation to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above or on which a “black” rainstorm warning is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“BVI”	British Virgin Islands
“Company”	Sewco International Holdings Limited (stock code: 209), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed and dealt in on the main board of the Stock Exchange
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the terms of the Agreement
“Completion Date”	the fifth Business Day after the fulfilment (or waiver) of condition (i) of the conditions precedent of the Agreement as set out in the paragraph headed “Conditions precedent to the Agreement” under the section headed the “Agreement” of this joint announcement or such other date as the parties to the

	Agreement may agree in writing	
"Consideration"	a sum of HK\$120,000,000 payable by the Offeror to the Vendor for the purchase of the Sale Shares	
"Connected Person(s)"	the meaning ascribed thereto in the Listing Rules	
"Conversion Shares"	the new Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the Convertible Bonds	13.28(2)
"Convertible Bonds"	a series of convertible bonds of up to an aggregate principal amount of HK\$[250,000,000] proposed to be issued by the Company	
"Directors"	directors of the Company	
"Encumbrances"	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same	
"Executive"	the executive director of the Corporate Finance Division of the SFC or any of his delegates	
"Group"	the Company and its subsidiaries	
"Hong Kong"	Hong Kong Special Administrative Region of the PRC	
"Increase in Authorised Share Capital"	the proposed increase in authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$[0.10] each to HK\$[700,000,000] divided into [7,000,000,000] Shares of HK\$0.10 each by the creation of [6,000,000,000] Shares of HK\$0.10 each	
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin, established to give recommendation to the Independent Shareholders regarding (i) the terms of the Offer; (ii) the entering into of the Placing Agreement; and (iii) the issue of the Convertible Bonds pursuant to the Subscription Agreement	
"Independent Third Parties"	the parties who, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, are independent of and not connected with any of the Director(s), chief executive(s) of the Company or substantial Shareholder(s) or any of the subsidiaries or their respective associate(s)	

“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Initial Conversion Price”	the initial conversion price of HK\$[0.38] per Conversion Share (subject to adjustments)
“Last Trading Day”	13 August 2009, being the last trading day of the Shares immediately prior to the suspension in trading of the Shares on the Stock Exchange on 14 August 2009 pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Po Lun, the controlling Shareholder and father of Ms. Cheung Yan, Priscilla and Ms. Cheung Man, Catherine, both being executive Directors
“Mr. Suen”	Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of the Offeror through his interest in Smart Legend
“Offer”	the possible mandatory unconditional cash offer to be made by Taifook Securities on behalf of the Offeror for all the issued Shares other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code
“Offeror”	Right Perfect
“Offer Price”	the price at which the Offer will be made, being HK\$0.4 per Offer Share
“Offer Share(s)”	issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Placing”	the placing of Placing Bonds in the aggregate principal amount of up to HK\$130,000,000 by the Placing Agent on a best efforts basis on the terms and conditions set out in the Placing Agreement
“Placing Agent”	Taifook Securities
“Placing Agreement”	the placing agreement dated [20] August 2009 between the Company and the Placing Agent to place the Placing Bonds
“Placing Bonds”	the placing of the Convertible Bonds under the Placing Agreement
“Placing Conditions Precedent”	the conditions precedent referred to in the section headed “Placing Conditions Precedent” in this joint announcement

14.58(2)

“Placing Period”	a period commencing from (and excluding) the date of satisfaction of the initial conditions precedent of the Placing Agreement to (and including) the date falling on the 70th Trading Day thereafter	
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Regions of PRC and Taiwan	
“Right Perfect”	Right Perfect Limited, a company incorporated in the BVI with limited liability, which is beneficially and wholly-owned by Smart Legend, being the purchaser of the Sale Shares under the Agreement	
“Sale Shares”	300,000,000 Shares to be acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Agreement	
“SFC”	the Securities and Futures Commission	
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)	
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company	13.28(2)
“Shareholders”	holders of the Shares	
“SGM”	a special general meeting of the Company to be convened to approve, inter alia, the issue of the Conversion Bonds pursuant to the Placing Agreement and the Subscription Agreement, the issue and allotment of the Conversion Shares and the Increase in Authorised Share Capital	
“Smart Legend”	Smart Legend Holdings Limited, a company incorporated in the BVI with limited liability, which is beneficially wholly-owned by Mr. Suen	
“Stock Exchange”	The Stock Exchange of Hong Kong Limited	
“Subscription”	the Subscription of the Subscription Bonds in the aggregate principal amount of up to HK\$120,000,000 on the terms and conditions of the Subscription Agreement	
“Subscription Agreement”	the subscription agreement dated [20] August 2009 entered into between the Company and Right Perfect pursuant to which the Company has agreed to issue the Subscription Bonds in the aggregate principal amount of up to HK\$120,000,000 to Right Perfect	
“Subscription Bonds”	the subscription of Convertible Bonds under the Subscription	

Agreement

"Subscription Period"	a period commencing from (and excluding) the date of satisfaction of the initial conditions precedent of the Subscription Agreement to (and including) the date falling on the 70th Trading Day thereafter (or such later date as the parties to the Subscription Agreement may agree in writing)
"Takeovers Code"	the Code on Takeovers and Mergers
"Taifook Capital"	Taifook Capital Limited, a licensed corporation under the SFO permitted to carry on type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
"Taifook Securities"	Taifook Securities Company Limited, a licensed corporation under the SFO to carry on Types 1 (dealing in securities), 3 (leveraged foreign exchange trading) and 4 (advising on securities) regulated activities, which will make the Offer on behalf of the Offeror upon Completion
"Trading Day"	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
"Vendor"	Great Victory International Inc., a company incorporated in the BVI with limited liability, which is beneficially and wholly-owned by Mr. Cheung
"Warrantor"	Mr. Cheung, being a warrantor under the Agreement
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the board of directors of
Right Perfect Limited
Mr. Suen Cho Hung, Paul
Sole Director

By Order of the Board
Sewco International Holdings Limited
Ms. Cheung Yan, Priscilla
Chairman

Hong Kong, [*] August 2009

As at the date of this joint announcement, the Board comprises four executive Directors, namely Ms. Cheung Yan, Priscilla (Chairman of the Board), Ms. Cheung Man, Catherine, Mr. Hui Kwok Chu (Chief Executive Officer) and Mr. Sham Lok Shing, Edward; and three independent non-executive Directors, namely Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin.

R2.14

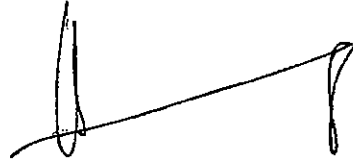
As at the date of this joint announcement, the sole director of the Offeror is Mr. Suen Cho Hung, Paul.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Vendor and parties acting in concert with them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

SIGNED by
duly authorised for and on behalf of
SEWCO INTERNATIONAL
HOLDINGS LIMITED
in the presence of:-

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)

A handwritten signature in black ink, consisting of a vertical stroke on the left, a diagonal stroke extending from the top of the vertical stroke towards the right, and a vertical stroke on the right that meets the diagonal one.

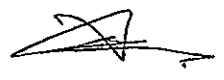
SIGNED by
duly authorised for and on behalf of
TAIFOOK SECURITIES COMPANY LIMITED
in the presence of:-

)
)
)
)



SIGNED by)
duly authorised for and on behalf of)
SEWCO INTERNATIONAL)
HOLDINGS LIMITED)
in the presence of:-)

SIGNED by CHEUNG KWOK WAI)
duly authorised for and on behalf of)
TAIFOOK SECURITIES COMPANY LIMITED)
in the presence of:- LAM CHING LOK GARY)





Dated the 20th day of August 2009

- (1) SEWCO INTERNATIONAL HOLDINGS LIMITED
as the Company

- (2) RIGHT PERFECT LIMITED
as Subscriber

SUBSCRIPTION AGREEMENT
in respect of an issue of
convertible bonds by

SEWCO INTERNATIONAL HOLDINGS LIMITED

RICHARDS BUTLER
in association with Reed Smith LLP
20th Floor
Alexandra House
16-20 Chater Road
Central
Hong Kong

THIS AGREEMENT dated 20 August 2009 is made

BETWEEN:-

- (1) SEWCO INTERNATIONAL HOLDINGS LIMITED, a company incorporated in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at 18th Floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon, Hong Kong (the "Company"); and
- (2) RIGHT PERFECT LIMITED, a company incorporated in British Virgin Islands and having its registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "Subscriber").

WHEREAS:-

- (A) the Company is incorporated in Bermuda and has an authorised share capital of HK\$100,000,000 divided into 1,000,000,000 Shares, of which 445,430,000 Shares have been issued and are fully paid or credited as fully paid; and
- (B) the Company now intends to issue the Subscription Bonds and the Subscriber has agreed to subscribe for up to HK\$120,000,000 principal amount of the Bonds on the terms and subject to conditions set out in this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

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

"Annual Report"	the Company's published annual report containing the audited consolidated financial statements of the Group for the year ended on the Audited Accounts Date;
"Announcement"	the announcement to be made by the Company in relation to, inter alia, this Agreement and the proposed issue of the Bonds, a draft form of which is annexed hereto as "Annexure A";
"Audited Accounts Date"	31 December 2008;
"Bonds"	a series of convertible bonds of an aggregate principal amount of up to HK\$250,000,000 substantially in the form set out in Schedule 1, to be issued by the Company with the benefit of and subject to the provisions of the Conditions and "Bond" shall be construed accordingly

	pursuant to this;
"Bondholder"	at any time in respect of a Bond the person who is for the time being the registered holder of that Bond;
"Business Day"	any day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business;
"CB Placing"	the offer, on a best efforts basis, by way of a private placing of up to HK\$130,000,000 Placing Bonds by the Placing Agent;
"Completion"	in respect of each Tranche of the Subscription Bonds, the date fixed for completion of that Tranche of the Subscription Bonds pursuant to Clause 4 or, where the context so permits or requires, the performance by the parties hereto of their respective obligations under Clause 4 and Schedule 2 in respect of that Tranche of the Bonds;
"Conditions"	the terms and conditions to be attached to or form part of the Bonds, and "Condition" refers to the relative numbered paragraph of the Conditions;
"Conditions Precedent"	the conditions precedent set out in Clause 3(A);
"Connected person(s)"	the meaning ascribed thereto in the Listing Rules;
"Conversion Rights"	the rights to be attached to the Bonds to convert the principal amount of the Bonds or a part thereof into Reorganised Shares;
"Conversion Shares"	the Shares falling to be issued by the Company under the Bonds (whether upon exercise by a Bondholder of the Conversion Rights, or otherwise pursuant to the Conditions);
"Group"	the Company and its subsidiaries (as that term is defined in the Listing Rules);
"Increase in Authorised Share Capital"	the increase in the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$700,000,000 divided into 7,000,000,000 Shares, conditional upon compliance with the relevant requirements under Bermuda law;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Placing Agent"	Taifook Securities Company Limited;

"Placing Agreement"	the placing agreement of even date entered into between the Company and the Placing Agent in relation to the CB Placing;
"Placing Bonds"	Bonds of an aggregate principal amount of up to HK\$130,000,000 to be issued by the Company pursuant to the Placing Agreement;
"Shares"	ordinary shares of HK\$0.10 each in the share capital of the Company existing as at the date of this Agreement;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription"	the proposed subscription of the Subscription Bonds by the Subscriber or its nominee as contemplated under this Agreement;
"Subscription Bonds"	Bonds of an aggregate principal amount of up to HK\$120,000,000 to be issued by the Company pursuant to this Agreement;
"Subscription Period"	the period from (and excluding) the date of satisfaction of the Conditions Precedent to (and including) the date falling on the 70th Trading Day thereafter (or such later date as the parties may agree in writing);
"Takeovers Code"	The Hong Kong Codes on Takeovers and Mergers;
"Trading Day"	means a day on which securities can be freely traded on the Stock Exchange during the whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur;
"Tranche"	each tranche of Subscription Bonds that are issued on the same day pursuant to Clause 4(A)(ii) as a result of a tranche of the Placing Bonds being issued;
"Warranties"	the representations, warranties and undertakings contained in Clause 5;
"HK\$" and "cents"	Hong Kong dollars and cents, respectively; and
"SFC"	the Securities and Futures Commission of Hong Kong.

- (B) In this Agreement, unless the context otherwise requires, any reference to a "Clause" or a "Schedule" or an "Annexure" is a reference to a clause or a schedule or annexure to this Agreement and, unless otherwise indicated, a reference to a Clause includes all the sub-Clauses of that Clause.

- (C) In this Agreement, words importing the singular include the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) In this Agreement, references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments (whether with or without modification) and any subordinate legislation made under such provisions, and references to time are to Hong Kong time.

2. SUBSCRIPTION OF THE BONDS

- (A) Subject to fulfilment of the Conditions Precedent, the Subscriber agrees to subscribe for and the Company agrees to issue the Subscription Bonds in accordance with Clause 4(A).
- (B) The Subscriber shall pay to the order of the Company the subscription price for the Subscription Bonds for which the Company has notified the Subscriber in the Completion Notice (as defined in Clause 4(A)) on completion of the issue of each relevant Tranche of the Subscription Bonds in accordance with the provisions set out in Schedule 2.
- (C) Subject to fulfilment of the Conditions Precedent on each Completion the Company shall, upon receipt of the subscription moneys payable for the Bonds, issue the relevant Bonds at their face value to the Subscriber or its nominee.

3. INITIAL CONDITIONS PRECEDENT AND COMPLETION OF THE ISSUE OF THE FIXED BONDS

- (A) The obligations of the parties hereto with respect to the issue and subscription of the Subscription Bonds are conditional upon:-
 - (i) the passing of a resolution by the shareholders of the Company who are permitted to vote under the Listing Rules to approve the issue of the Bonds and the Conversion Shares and the Increase in Authorised Share Capital at a special general meeting of the Company in accordance with the Listing Rules;
 - (ii) (unless a waiver is obtained from the Executive under Rule 4 of the Code) the passing of a resolution by shareholders of the Company who are permitted vote under the Code to approve the issue of the Bonds and the Conversion Shares falling to be issued thereunder in accordance with Rule 4 of the Code;
 - (iii) the Increase in Authorised Share Capital becoming effective; and
 - (iv) the completion of the sale and purchase agreement dated 13 August 2009 entered into between the Subscriber, Great Victory International Inc. and Mr. Cheung Po Lun in relation to the Subscriber's acquisition of 300,000,000 Shares.
- (B) If the Conditions Precedent are not fulfilled on or before 31 December 2009 (or such later date as may be agreed between the Subscriber and the Company in writing), this

Agreement shall thereupon lapse and become null and void and the parties will be released from all obligations hereunder, save for any liability arising out of any antecedent breaches hereof.

- (C) Each of the Company and the Subscribers shall use its reasonable endeavours to procure the fulfilment of the Conditions Precedent as soon as possible and in any event on or before the date specified in Clause 3(B). The Company shall notify the Subscriber as soon as practicable after it becomes aware of fulfilment of the Conditions Precedents set out above.

4. CONDITIONS FOR EACH TRANCHE AND COMPLETION OF THE SUBSCRIPTION BONDS ISSUE

- (A) (i) The parties acknowledge that the Placing Bonds may be issued in up to 5 tranches, each tranche in an amount of HK\$26,000,000 or integral multiple thereof.
- (ii) The Company shall, in respect of each proposed issue of the Placing Bonds pursuant to the Placing Agreement, give the Subscriber not less than 2 Business Days' notice (each a "Completion Notice", a form of which is set out in Schedule 3) of the aggregate principal amount of the Placing Bonds proposed to be issued and the date on which they are to be issued. The Completion Notice shall also specify the Matching Subscription Amount (as defined in Clause 4(A)(iv)) of Subscription Bonds that the Subscriber is required to subscribe and the proposed date for Completion. A Completion Notice, once given, shall be irrevocable.
- (iii) Subject to Clause 4(B), the Company shall be bound to issue, and the Subscriber shall be bound to subscribe for, the Subscription Bonds specified in that Completion Notice on the date of the Placing Bonds to which that Completion Notice relates.
- (iv) The "Matching Subscription Amount" means an amount equal to 24/26 of the aggregate principal amount of the Placing Bonds proposed to be issued and in respect of which a Completion Notice is required to be given in accordance with Clause 4(ii).
- (B) In addition to the fulfilment of the Conditions Precedent, the Company's obligations to issue, in respect of each proposed issue of the Placing Bonds, each Tranche of the Subscription Bonds shall be conditional upon:-
- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares in respect of such Tranche of the Subscription Bonds;
- (ii) the Company not having received any objection from the Stock Exchange to the issue of such Tranche of the Subscription Bonds; and
- (iii) the issue of the Placing Bonds referred to in the relevant Completion Notice.

- (C) If the conditions for a Tranche of the Subscription Bonds set out in Clause 4(B) above are not fulfilled within 14 days from the date of the Completion Notice (or such later date as may be agreed between the Subscriber and the Company), then the obligations of respective parties in respect of the issue of such Tranche of the Subscription Bonds shall lapse.
- (D) Subject to the fulfilment of the Conditions set out in Clause 4(B) in respect of that Tranche of the Subscription Bonds, completion for each Tranche of the Subscription Bonds shall take place at 3:00 p.m. on the date specified in the Completion Notice, at the principal office of the Company in Hong Kong at and each party shall perform its respective obligations set out in Part B of Schedule 2.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (A) The Company hereby represents, warrants and undertakes to the Subscriber that as at the date hereof and as at each Completion, subject to the matters disclosed in the Annual Report and/or in announcements or circulars made or despatched by the Company:-
- (i) subject to the fulfilment of the Conditions Precedent and the condition set out in Clause 4(B)(i), the Company has the authority to enter into and perform this Agreement and the directors of the Company are authorised to issue the Subscription Bonds and that in entering into this Agreement, the Company does not do so in breach of any applicable legislation or rules and the Company is not required to obtain any consent, waiver, authorisation or make any filing or registrations with any governmental or regulatory authority, court or other person in connection with this Agreement and transactions contemplated hereunder and this Agreement constitutes, and the Subscription Bonds when issued will constitute, valid, binding and enforceable obligations of the Company;
 - (ii) all statements of fact contained in the Announcement are true and accurate in all respects and not misleading in the context of the Subscription and all statements of opinion, intention or expectation of the directors of the Company in relation to the Company or any of its subsidiaries (as that term is defined in the Listing Rules) 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 materially misleading or which is otherwise material in the context of the Subscription;
 - (iii) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation 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;
 - (iv) the Company is not in breach of any applicable law, decree, judgment, legislation, order, regulation, statute, ordinance, treaty or other legislative measure which breach would reasonably be expected to have material and adverse effect on the Group (taken as a whole);

- (v) 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 Company, 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 can reasonably be expected to have or has had a material adverse effect upon the financial or business condition or prospects (whether or not arising in the ordinary course of business) of the Group (taken as a whole) or which is material in the context of the Subscription; and
- (vi) the Company will, after the Increase in Authorised Share Capital becoming effective, at all material times have sufficient authorised but unissued share capital for the Company to perform its obligations under the Bonds (to the extent unconverted) and the Conversion Shares, when issued, will be duly authorised and will rank pari passu in all respects with all other Shares in issue at the date of conversion and be entitled to all dividends and distributions the record date for which is on or after the date which the name of the Bondholder is entered on the Company's register of members as holder of the relevant Conversion Shares.

The foregoing provisions of this Clause 5 shall remain in full force and effect notwithstanding completion of the Subscription.

- (B) The representations and warranties set out in Clause 5 are given as at the date hereof and shall be deemed to be repeated by Company on each Completion as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The Company undertakes up to and until completion of this Agreement or its earlier termination to notify the Subscriber of any matter or event coming to its attention prior to the date of each Completion which would or would reasonably be considered to render or have rendered any of the representations and warranties made by it set out in Clause 5(A) untrue, inaccurate or misleading in any material respect. The Company shall not, and shall use its best endeavours to procure that no member of the Group shall, at any time prior to or on the date of each Completion do or omit to do anything which may cause any of the representation and warranties made by it and set out in Clause 5(A) to be untrue.

6. SUBSCRIBER'S REPRESENTATIONS, WARRANTIES AND CONFIRMATION

- (A) The Subscriber represents, warrants and undertakes to the Company that (i) the Subscriber has full power and authority to enter into this Agreement and has obtained all necessary corporate action to authorise the execution and performance of this Agreement; (ii) the Subscriber is wholly and beneficially owned by Mr. Suen Cho Hung Paul.
- (B) The Subscriber further confirms that the issue of the Bonds pursuant to this Agreement and the Placing Agreement and the performance the Company's contractual obligations thereunder will not affect the Subscriber's obligation to make a mandatory cash offer for all the shares of the Company (other than those already held by it or parties acting in concert with it) at HK\$0.4 per Share in accordance with the terms of the Takeovers Code, as a result of its acquisition of 300,000,000 Shares from Great Victory International Inc.

- (C) The Subscriber hereby undertakes that if and to the extent that it holds any Shares on the date of the special general meeting at which the resolution referred to in Clause 3(A)(i) is proposed, it and its associates (as defined in the Listing Rules) shall abstain from voting on the resolution to approve the issue of the Bonds and the Conversion Shares.

7. NOTICES

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

If to the Company to:

Address : 18th Floor, Wing Wong Commercial Building
Nos. 557 and 559 Nathan Road
Kowloon
Hong Kong
Facsimile : (852) 2770 5036
Attention : Company Secretary

If to the Subscriber to:

Address : Room 1704, 17/F., Sino Plaza, 255-257 Gloucester Road,
Causeway Bay, Hong Kong
Facsimile : (852) 2234 0113
Attention : Mr. Lo Ming Chi, Charles

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

8. COSTS AND EXPENSES

- (A) Each party shall bear its own costs and expenses incurred by it in connection with the preparation, negotiation and settlement of this Agreement.
- (B) Capital fees or stamp duty (if any) relating to the issue and delivery of the Subscription Bonds shall be borne by the Company.

9. GENERAL

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

10. GOVERNING LAW AND JURISDICTION

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

11. PROCESS AGENT

The Subscriber hereby confirms that it has appointed Mr. Lo Ming Chi, Charles of Room 1704, 17/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other legal process in Hong Kong. If for any reason the agent named above or (its successor) no longer serves as agent of the Subscriber for this purpose, the Subscriber shall promptly appoint a successor agent and notify the Company, failing which the Company shall be entitled to treat the last known agent as valid. The Subscriber agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to the Company.

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

SCHEDULE 1
FORM OF NOTE



Sewco International Holdings Limited
(incorporated in Bermuda with limited liability)

Amount : HK\$[●]

Bond No.: [●]

3% CONVERTIBLE BOND DUE 2011

(Being one of the convertible bonds of aggregate principal amount of HK\$250,000,000 (the "**Bonds**") issued pursuant to the memorandum of association and bye-laws of Sewco International Holdings Limited (the "**Issuer**") and a resolution of the committee of directors of the Issuer passed on [●] pursuant to the authority granted by a resolution of the Issuer passed on [●].)

This Bond is in registered form and forms part of an issue designated as specified above. The Bonds are subject to, and have the benefit of, the Conditions (defined below).

THIS IS TO CERTIFY that the Issuer will pay [●] of [●], being the registered holder (the "**Bondholder**") of this Bond on the Maturity Date (as defined in the Conditions) or on such earlier date as such sum may become payable in accordance with the terms and conditions attached hereto which form an integral part of this Bond (the "**Conditions**") the principal sum of HK\$[●] together with such amount or amounts as may become due and payable in accordance with the Conditions.

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

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

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

Director

Secretary/Director

Bonds:

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

(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding



TERMS AND CONDITIONS OF THE BOND

This Bond shall be held subject to and with the benefit of the terms and conditions set out below and such terms and conditions shall be binding on the Issuer and the Bondholder.

1. DEFINITIONS

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

"**authorised denominations**" means HK\$1,000,000 or integral multiples thereof;

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

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

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

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

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

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

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

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

"**Conversion Price**" means HK\$0.38 per Share (subject to adjustments pursuant to the Conditions);

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

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

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

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

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

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

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

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

"**Issue Date**" means the date of first issue this Bond;

"**Issuer**" means Sewco International Holdings Limited Limited;

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

"**Majority Bondholders**" means at any time holder(s) of at least 51% principal amount of the Bonds then outstanding

"**Maturity Date**" means [*to insert 2nd anniversary of the first issue date*] or, if that is not a Business Day, the first Business Day thereafter;

"**Bonds**" means the 3% convertible bonds due 2011 issued and to be issued by the Issuer pursuant to the Subscription and Placing Agreements with the benefit of and subject to the provisions of the Conditions and "Bond" shall be construed accordingly;

"**Bondholder**" means the person who is for the time being the holder of the Bond;

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

"**Share(s)**" means the ordinary share(s) of HK\$0.10 each in the share capital of the Issuer existing on the date of issue of the Bond and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;

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

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

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

"**Subscription and Placing Agreements**" means the subscription agreement dated 20 August 2009 between the Issuer and Right Perfect Limited and the placing agreement dated 20 August 2009 between the Issuer and Taifook Securities Company Limited;

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

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

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

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

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

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

2 STATUS

- 2.1 The Bonds are in registered form in authorised denominations. Each Bond shall have an identifying number which shall be recorded on the relevant Bond and in the Register. The Bonds are not issuable in bearer form.
- 2.2 The Issuer shall cause to be kept at its own expense a Register outside Hong Kong on which shall be kept the names, addresses (including its registered address and (if different) its correspondence address), facsimile numbers of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and conversions of Bonds.
- 2.3 The obligations of the Issuer arising under the Bonds constitute general, unsubordinated, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer except for obligations accorded preference by mandatory provisions of applicable law. The obligations under the Bonds are incapable of being subordinated except with the consent of the relevant Bondholder.
- 2.4 No application will be made for a listing of the Bonds on any stock exchange.
- 2.5 Each Bondholder shall (except as otherwise required by law) be treated as the absolute owner of the Bonds registered in its name for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of the Bond issued in respect of it) and the Issuer shall not be obliged to recognise any interest in any Bond other than the absolute and exclusive interest of the relevant Bondholder.
- 2.6 The Issuer shall, subject as hereinafter provided, be at liberty from time to time to issue further bonds, notes and other securities, including but not limited to notes ranking pari passu and/or fungible with the Bonds.

3 TRANSFER

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

- 3.5 Registration of transfers of Bonds in accordance with this Condition shall be effected without charge by or on behalf of the Issuer, but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any taxes, duties or other government charges which may be imposed in relation to such transfer.
- 3.6 The Issuer shall not be required to register the transfer of a Bond (or any part thereof) (i) during the period of 7 days up to and including the due date for any payment of principal or premium, if any, on that Bond; or (ii) in respect of which a Conversion Notice has been given in accordance with Condition 7.
- 3.7 Any legal and other costs and expenses (including any registration costs arising from the transfer of the Bonds) which may be incurred by the Issuer in connection with any transfer or assignment of any of the Bonds (or any part thereof) or any request therefor shall be borne by the Issuer.

4 INTEREST

- 4.1 Subject as hereinafter provided, interest will accrue on the principal amount of each Bond from the Issue Date thereof up to and including the day immediately preceding the Maturity Date at the Interest Rate, payable semi-annually in arrears on 30 June and 31 December in each year commencing on 31 December, 2009, provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which case the Interest Payment Date will be brought forward to the previous Business Day.
- 4.2 Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the rate of three (3) per cent. per annum on the principal amount of the Bonds from time to time outstanding.
- 4.3 Interest payable in respect of any Bond on any Interest Payment Date shall be calculated from (and including) (i) in the case of the first Interest Payment Date, the date of issue of the Bonds; or (ii) in any other case, the immediately preceding Interest Payment Date to (and excluding) the date on which interest is payable, plus any interest accrued but unpaid on any earlier Interest Payment Date.
- 4.4 In the event of conversion of the Bonds, the Issuer shall, upon delivery to the Bondholder of the certificates for the Conversion Shares to which the Bondholder shall become entitled in consequence of the conversion, pay interest at the rate specified in Condition 4.2 to the Bondholder in respect of the principal amount of the Bonds being converted calculated from (and including) the last Interest Payment Date immediately preceding the Conversion Date up to (but excluding) the Conversion Date.

5 PAYMENTS

- 5.1 All payments by the Issuer in respect of the Bonds shall be made in Hong Kong dollars for value on the due date to such bank account in Hong Kong as the Bondholder may notify the Issuer in writing from time to time (provided that any such notice shall be given no less than 3 Business Days prior to the date on which any payment is due to be made by the Issuer) or, in the absence of any such notice, by banker's draft to the relevant Bondholder to be delivered by registered post or by hand on the due date by the Issuer to the correspondence address or (in the absence of which) the registered address of that Bondholder in the Register at the risk of the Bondholder, provided in either case that the relevant Bondholder shall be responsible for any loss in respect of the Bond due to it giving inaccurate or late remittance instructions.
- 5.2 All payments by the Issuer in respect of this Bond shall be made in Hong Kong dollars in immediately available funds free and clear of any withholding or deduction for any present or future taxes, imposts, levies, duties or other charge payable by the Issuer. If the Issuer is

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

- 5.3 If the Issuer defaults in the payment of any sum due and payable under the Bond, the Issuer shall pay interest on such sum to the Bondholder from the due date to the date of actual payment in full (both before and after judgment) calculated at the rate calculated at the rate of five per cent. (5%) per annum provided that the Bondholder shall not be entitled to any such interest in respect of a delay in payment as a result of it giving inaccurate or late remittance instructions.
- 5.4 Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business (Hong Kong time) on the second Business Day before the due date for the payment of interest.

6 MATURITY/REDEMPTION

- 6.1 Subject as provided herein, the outstanding principal amount of this Bond shall, unless previously converted into Shares or repaid in accordance with these Conditions, be repaid subject to and in accordance with the terms of the Bond on the Maturity Date. This Bond may not be repaid or otherwise redeemed otherwise than in accordance with these Conditions.
- 6.2 Unless previously converted or purchased or redeemed in accordance with these Conditions, upon presentation of the original of this Bond to at its own expense during normal business hours of the Specified Office, the Issuer shall redeem this Bond on the Maturity Date at the redemption amount which is 100% of the principal amount of this Bond then outstanding.
- 6.3 The Issuer or any of its subsidiaries may at any time and from time to time repurchase Bonds at any price as may be agreed between the Issuer or such subsidiary and the relevant Bondholder. Any Bond so purchased shall forthwith be cancelled by the Issuer.

7 CONVERSION

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

- 7.3 The right of the Bondholder to repayment of the principal amount of the Bond, and premium (if any), being converted shall be extinguished and released upon exercise of the Conversion Rights in respect thereof.
- 7.4 The delivery to the Issuer of a Conversion Notice shall constitute a confirmation, representation and warranty by the relevant Bondholder to the Issuer that all governmental, regulatory or other consents or approvals, other steps necessary to be obtained or taken by that Bondholder under any relevant law and the rules of any stock exchange to permit the relevant exercise and lawfully to acquire the Conversion Shares have been obtained or taken by it.
- 7.5 No Conversion Notice shall be effective (and the Issuer shall not be obliged to issue any Conversion Shares pursuant thereto) if:-
- (a) for so long as the Shares remaining listed on the Stock Exchange, it does not contain a confirmation in writing from the converting Bondholder (i) that it will comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to it of Conversion Shares pursuant to such Conversion Notice it and (ii) on the total number of Shares the relevant Bondholder and its associate(s) (as defined under the Listing Rules) will beneficially hold immediately after the issue of the Conversion Shares pursuant to such Conversion Notice;
 - (b) it is not accompanied by the Bonds the subject of such Conversion Notice and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require); or
 - (c) it does not include a declaration and confirmation that the beneficial owner of the relevant Bond, and of the relevant Shares to be issued on conversion, is not a resident or national of any jurisdiction where the exercise of the Conversion Rights is prohibited by any law or regulation of that jurisdiction or where compliance with such laws or regulations would require filing or other action by the Issuer; and that delivery of the relevant Bond or relevant Shares will not result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable in that jurisdiction.
- 6 Without prejudice to Condition 7.5, for so long as the Shares remaining listed on the Stock Exchange, the Issuer shall not be obliged to issue any Conversion Shares pursuant to any Conversion Notice if the Issuer, acting reasonably, comes to a view that the issue of Conversion Shares pursuant to such Conversion will cause the issued Shares in the hands of "public" (as defined in Rule 8.24 of the Listing Rules) to fall below the 25% or such other minimum percentage of the total issued share capital of a listed issuer as prescribed under the Listing Rules that must remain in public hands.

8 ADJUSTMENTS

- 8.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following provisions. If the event giving rise to any such adjustment falls within more than one of sub-paragraphs (a) to (g) inclusive of this Condition 8.1, it shall be deemed to fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs provided that, if such event would be capable of falling within sub-paragraph (h), sub-paragraph (h) shall apply:

- (a) If and whenever there shall be an alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

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

B = the number of Shares in issue immediately after such alteration.

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.

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

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

in each case, where:

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

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

- (ii) In the case of an issue of Shares in lieu of a cash dividend ("Scrip Dividend") where the market price (as defined in Condition 8.2) of such Shares exceeds the amount of the cash dividend specifically declared by the Issuer or the relevant part thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{C_1 + D_1}{C_1 + D_2}$$

Where:

C₁ = is the aggregate nominal amount of Shares in issue immediately before such issue;

D₁ = is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the cash dividend declared and (ii) the denominator is the market price (as defined in Condition 8.2) of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of that cash dividend; and

D₂ = the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an approval investment bank (as defined in Condition 8.2) shall certify to be is fair and reasonable.

Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

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

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

where:

E = the market price (as defined in Condition 8.2) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date immediately preceding the date of the Capital Distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (as the case may require) the immediately preceding day, as determined in good faith by an approved investment bank (as defined in Condition 8.2) of the portion of the Capital Distribution or of such rights which is attributable to one Share,

provided that:

- (i) if in the opinion of the relevant approved investment bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine, and in such event the above formula shall be construed as if F meant, the amount of the said market price that should properly be attributed to the value of the Capital Distribution or rights; and
- (ii) the provisions of this sub-paragraph (c) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the day next following the record date for the Capital Distribution or grant.

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

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

where:

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

- H = the aggregate number of Shares so offered for subscription;
- I = the amount (if any) payable for the right, option or warrant to subscribe for each new Share, plus the subscription price payable for each new Share;
- J = the market price (as defined in Condition 8.2) of one Share on the trading day immediately prior to such announcement.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

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

For the purpose of this sub-paragraph (e), the “total Effective Consideration” receivable for the securities issued shall be deemed to be the consideration receivable by

the Issuer for any such securities plus the additional minimum consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the **“total Effective Consideration per Share”** initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion at the initial conversion rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

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

8.2 For the purposes of this Condition 8:

“announcement” shall include the release of an announcement to the press or the delivery or transmission by telephone, telex or otherwise of an announcement to the Stock Exchange;

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

“approved investment bank” means an independent investment/merchant bank of repute in Hong Kong or any audit firms of repute in Hong Kong in the opinion of the Issuer acting reasonably, or in respect solely of determining the fair value of options, warrants and other rights referred to in Condition 8.1(d) or the securities referred to in Condition 8.1(e)(i) or the modification referred to in Condition 8.1(e)(ii) any firm of valuer of repute in Hong Kong in the opinion of the Issuer acting reasonably, in each case, selected solely by the Issuer for the purpose of providing a specific opinion or calculation or determination hereunder;

“Capital Distribution” means any dividend distribution (whether of cash or assets in specie) by the Issuer for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 8.1(b)(i) by way of capitalisation of reserves and including any Scrip Dividend (as defined in Condition 8.1(b)(ii)) to the extent of any cash dividend specifically declared to the Issuer) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a subsidiary of Issuer), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the market price (as defined in this Condition 8.2), by more than ten per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b), the relevant day is not a Trading Day, the immediately preceding Trading Day.

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

“issue” shall include allot;

“market price” means the average of the closing prices of a Share on the Stock Exchange for each of the last five (5) Trading Days ending on the last such Trading Day immediately preceding the day on or as of which the market price is to be determined;

“reserves” includes unappropriated profits;

“rights” includes rights in whatsoever form issued; and

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

- 8.3 (a) The provisions of sub-paragraphs (b), (c), (d), (e) and (f) of Condition 8.1 shall not apply to:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares, whether or not by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities, provided that an adjustment (if required)

to the Conversion Price has been made under this Condition 8 in respect of the issue of such securities or granting of such rights (as the case may be);

- (ii) an issue of Shares or other securities of the Issuer or any subsidiary of the Issuer wholly or partly convertible into, or rights to acquire, Shares pursuant to any share option scheme adopted by the Issuer in accordance with the Listing Rules; or
- (iii) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of a Share shall mean the average of the closing prices for such Trading Days on which dealings in the Shares took place (being not less than twenty (20) such days) as are selected by the directors of the Issuer for the purposes of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash, provided that the dividend gave rise to an adjustment to the Conversion Price pursuant to Condition 8.1(c) (or would have done but for Condition 8.4); and
- (iv) an issue of any Bonds pursuant to the Subscription and Placing Agreements or the issue of Shares on conversion of part or the whole of such Bonds.

(b) Without prejudice to the provisions of sub-paragraph (a) of this Condition 8.3, no adjustment to the Conversion Price pursuant to sub-paragraphs (d) to (g) of Condition 8.1 will be made, if at any time the amount of adjustment that but for this Condition 8.3(b) would have been required to be made pursuant to any of those Conditions, when aggregated with other adjustments that had not been made prior to that time as a result of the operation of this Condition 8.3(b), is less than 1% of the Conversion Price prevailing at that time. Any adjustment not required to be made as a result of this Condition 8.3(b) shall be carried forward and be taken into account in the first subsequent adjustment made pursuant to Conditions 8.1(d) to (g).

3.4 Any adjustment to the Conversion Price shall be made to the nearest one tenth of a cent so that any amount under HK\$0.0005 shall be rounded down and any amount of HK\$0.0005 or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Conversion Price. In addition to any determination which may be made by the directors of the Issuer, every adjustment to the Conversion Price (other than pursuant to Condition 8.1(a) or (b)) shall be certified by an approved investment bank.

8.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.

8.6 If the Issuer or any subsidiary of the Issuer shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Issuer shall appoint an approved investment bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved investment bank shall certify that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 8.4, 8.7 and 8.8 shall apply).

- 8.7 Whenever the Conversion Price is adjusted as herein provided, the Issuer shall as soon as possible but not later than five (5) Business Days after the relevant adjustment has been determined give notice to the Bondholder that the Conversion Price has been adjusted (setting out brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Bond remains outstanding make available for inspection at its principal place of business in Hong Kong a signed copy of the said certificate of the approved investment bank setting forth particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof.
- 8.8 Notwithstanding any other provision of this Condition 8, no adjustment shall be made which would involve an increase in the Conversion Price other than in the case of a consolidation or reclassification of the Shares.

9 PROCEDURE FOR CONVERSION

- 9.1 The Conversion Rights may, subject as provided herein and in Condition 7, be exercised on any Business Day during the Conversion Period by the Bondholder delivering at its own expense to the Issuer during normal business hours at the Specified Office a notice in the form attached as Annexure II duly completed (a "Conversion Notice") stating the intention of the Bondholder to convert such principal amount of this Bond and the address in Hong Kong for the delivery of the share certificates of the Conversion Shares pursuant to Condition 9.2 together with the original of this Bond. Unless the Issuer agrees otherwise in writing, which it may or may not do in its absolute discretion, a Conversion Notice once delivered shall be irrevocable.
- 9.2 The Conversion Shares shall be allotted and issued by the Issuer, credited as fully paid, to the relevant Bondholder or its nominees as it may in writing direct within five (5) Business Days after, and with effect from, the Conversion Date against delivery of the original Bond (which the Bondholder is obliged to deliver to the Issuer following such conversion), and the Issuer shall issue certificates for the Conversion Shares to which the Bondholder or such person as it may direct shall become entitled in consequence of exercising its Conversion Rights in board lots with one certificate for any odd lot of Shares arising from conversion and shall, if such Bondholder so requests in the notice, deposit these share certificates in the CCASS participant's stock account set out in the notice within a further two (2) Business Days, or in the absence of such request by the Bondholder, make these share certificates available for collection by the relevant Bondholder at the Specified Office during normal business hours on any Business Day within the five (5) Business Days period referred to above, and (if appropriate) the original Bond with an endorsement on it by a director of the Issuer for any balance of the Bond not converted shall similarly be made available for collection at the Specified Office within the same five (5) Business Days period.
- 9.3 The Issuer shall pay all stamp duty, issue and registration duties (if any) and levies and charges (if any) payable in Hong Kong in respect of the allotment and issue of the Conversion Shares. Subject to the aforementioned, the Bondholder shall pay all other charges and taxes arising from or in respect of the conversion of the Bond and any profits tax (or its equivalent) against which the Bondholder may be assessed for any disposal of the Bond or Conversion Shares.

10 PROTECTION OF THE BONDHOLDER

- 10.1 So long as any Bonds are outstanding, unless Majority Bondholders gives their prior written approval otherwise:
- (a) the Issuer shall not declare or pay any dividend on any securities other than the Shares;
 - (b) the Issuer shall not authorise or effect a voluntary liquidation of the Issuer;

- (c) the Issuer shall at all times keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the Conversion Rights and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe Shares;
- (d) the Issuer shall not in any way modify the rights attached to the Shares (except as contemplated under Condition 8) as a class or attach any special restrictions thereto;
- (e) the Issuer shall procure that at no time shall there be in issue Shares of different nominal values other than arising from any consolidation or sub-division of the Shares;
- (f) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the Issuer shall use all reasonable endeavours (i) to maintain a listing for all the issued Shares on the Stock Exchange; (ii) to obtain and maintain a listing on the Stock Exchange for all the Conversion Shares; and (iii) to obtain a listing for all the Conversion Shares issued on the exercise of the Conversion Rights attaching to the Bond on any other stock exchange on which any of the Shares are for the time being listed and will forthwith give notice to the holder of the Bond in accordance with Condition 15 of the listing or delisting of the Shares by any such stock exchange;
- (g) the Issuer shall provide the Bondholder with a copy of its annual reports, annual financial statements, interim reports and all other statements and circulars sent by the Issuer to its shareholders within seven (7) Business Days after the Issuer sends the same to its shareholders;
- (h) the Issuer shall ensure that all the Conversion Shares will be duly and validly issued fully paid and registered;
- (i) the Issuer shall comply with and procure the compliance and fulfilment of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Bonds or for the listing of and permission to deal in the Conversion Shares issued or to be issued on the exercise of the Conversion Rights and shall ensure the continued compliance and fulfilment thereof (provided in each case that the Bondholder complies with and satisfies all such conditions applicable to it);
- (j) the Issuer shall procure that (i) no securities issued by the Issuer shall be converted into Shares or exchanged for new Shares except in accordance with the terms of issue thereof, and (ii) no securities issued by the Issuer without rights to convert into Shares or to be exchanged for new Shares shall subsequently be granted such rights;
- (k) the Issuer shall not make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights, it would be required to issue Shares at a discount to their nominal value or otherwise in circumstances not permitted by applicable laws and regulations from time to time (if any); and
- (l) if an offer is made to holders of Shares to acquire all or any proportion of the Shares, the Issuer shall forthwith give notice of such offer to the Bondholder and shall use all reasonable endeavours to procure that a similar offer is extended in respect of the Bond or in respect of any Shares issued on conversion of the Bond during the period of the offer.

11 EVENTS OF DEFAULT

11.1 If any of the following events ("Events of Default") occurs, the Bondholder of this Bond may give notice in writing (a "Default Redemption Notice") to the Issuer that the principal amount of this Bond then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of this Bond shall become immediately due and payable in an amount which is 100% of the principal amount of this Bond then outstanding:

- (a) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange:
 - (i) ceases; or
 - (ii) is suspended for a continuous period of fifteen (15) Trading Days due to the default of the Issuer or any of its directors, officers, employees or agents; or
- (b) the Issuer defaults in performance or observance or compliance with any of its material obligations contained in the Conditions (other than the covenant to pay the principal in respect of the Bonds and the issuance of Conversion Shares pursuant to Condition 9) and such default continues for a period of fifteen (15) Business Days next following after service by the Bondholder holding, or Bondholders together holding, at least 51% of the then outstanding principal amount of the Bonds, of notice requiring such default to be remedied; or
- (c) the Issuer fails to pay the principal when due or the Issuer fails to pay interest on the Bond when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date thereof or the Issuer fails to issue the Conversion Shares in accordance with Condition 9; or
- (d) the occurrence of any event or any action taken or omission made by the Issuer so as to render unlawful the performance or observance or compliance by the Issuer with of any of its material obligations contained in the Conditions, or would otherwise result in any material terms contained in the Conditions be or becoming unenforceable, or would otherwise render this Bond inadmissible as evidence in court; or
- (e) (i) any present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 11.1(e) have occurred equals or exceeds HK\$5,000,000 or its equivalent in any other currency or currencies;
- (f) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Issuer and is not discharged, paid out, withdrawn or remedied within fifteen (15) Business Days; or
- (g) the Issuer becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of

the Issuer or any of its major subsidiaries or the whole or any material part of the undertaking, property, assets or revenues of the Issuer or any of its major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

- (h) an order is made or an effective resolution passed for winding-up of the Issuer, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by the Bondholder or Bondholders together holding not less than 51% of the then outstanding principal amount of the Bonds; or
- (i) a moratorium is agreed or declared in respect of any indebtedness of the Issuer or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Issuer; or
- (j) a Bondholder of any Bond other than this Bond having given a Default Redemption Notice in respect of its Bond.

11.2 The Issuer shall forthwith on becoming aware of any such event as is mentioned in this Condition give notice in writing thereof to the Bondholders. Notwithstanding the foregoing, if the Issuer shall fail to issue the Conversion Shares in accordance with the Conditions, any Bondholder shall be entitled to bring an action against the Issuer for either specific performance or damages.

12 VOTING

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

13 EXPERTS

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

REPLACEMENT BONDS

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

15 NOTICES

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

To the Issuer: at its Specified Office (for the attention of the Company Secretary), Facsimile no: (852) 2770 5036

To each Bondholder: as recorded on the Register

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

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

16 AMENDMENT

The Issuer shall not vary, expand or amend the terms and conditions of any Bond or agree to do so otherwise than by agreement in writing between the Issuer and majority Bondholder and any such variation, expansion and amendment shall apply equally to all Bonds regardless of whether any given Bondholder does not participate in the agreement in writing in question and shall be notified to the Bondholders generally and be binding on the Issuer and all Bondholders.

17 PRESCRIPTION

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

18 GOVERNING LAW AND JURISDICTION

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

Annexure I

FORM OF TRANSFER

3% CONVERTIBLE BOND DUE 2011

(Being one of the convertible bonds of aggregate principal amount of HK\$250,000,000 (the "Bonds") issued pursuant to the memorandum of association and bye-laws of Sewco International Holdings Limited (the "Issuer") and a resolution of committee of board of directors dated [●] authorised by a resolution of the board of directors of the Issuer passed on [●] pursuant to the authority granted by a resolution of the Issuer passed on [●].)

Terms defined in the enclosed Bond (as it may be amended from time to time) shall bear the same meaning in this Form of Transfer.

FOR VALUE RECEIVED the undersigned transfers hereby to the transferee (the "Transferee") whose particulars are set out below HK\$.....principal amount of the enclosed Bond, and all rights in respect thereof and irrevocably requests the Issuer to register and to issue new Bonds in accordance with the terms of this Bond (as it may be amended from time to time).

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

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

The Transferee hereby irrevocably represents, warrants and undertakes to the Issuer that it is not a connected person of the Issuer.

Dated:

Transferor's Name:

Transferee's Name:

Transferor's authorised signature:

Transferee's authorised signature:

Witness to Transferor's signature:

Witness to Transferee's signature:

[signature]

[signature]

name

name

Notes:

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

Annexure II

FORM OF CONVERSION NOTICE

3% CONVERTIBLE BOND DUE 2011

(Forming part of an issue of convertible bonds of aggregate principal amount of HK\$250,000,000 (the "Bonds") issued pursuant to the memorandum of association and bye-laws of Sewco International Holdings Limited (the "Issuer") and a resolution of committee of board of directors dated [●] authorised by a resolution of the board of directors of the Issuer passed on [●] pursuant to the authority granted by a resolution of the Issuer passed on [●].)

To : [●]

Terms defined in the enclosed Bond (as may be amended) shall bear the same meaning in this Conversion Notice.

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

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

We hereby irrevocably represent, warrant and undertake to you the following: -

- (a) we, together with our associates (as defined under the Listing Rules), will beneficially hold [*] Shares immediately after the issue of the Conversion Shares pursuant to this Conversion Notice;
- (b) we shall comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to us of Conversion Shares pursuant to this Conversion Notice;
- (c) our exercise of the Conversion Rights is not prohibited by any law or regulation of any jurisdiction of which each of us or our beneficial owner or the beneficial owner(s) of the Conversion Shares is a resident or national, and would not require filing or other action by the Issuer to comply with such laws or regulations; and
- (d) the delivery of the relevant Bond or Conversion Shares will not result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable in any

jurisdiction of which each of us or our beneficial owner or the beneficial owner(s) of the Conversion Shares is a resident or national.

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

Signature of Bondholder:

Dated [•] 200[•]



SCHEDULE 2

COMPLETION REQUIREMENTS

1. Obligations of the Company

At Completion, the Company shall deliver to the Subscriber:-

- (a) a certified copy of the resolution of the board of directors of the Company (or a duly authorised committee thereof) approving and authorising the issue of the relevant Tranche of Subscription Bonds upon the terms and subject to the Conditions;
- (b) evidence reasonably satisfactory to the Subscriber of the fulfilment of the Conditions Precedent and the conditions set out in Clause 4(B)(i) (to the extent that such evidence has not already been delivered by the Company to the Subscriber prior to such Completion); and
- (c) the Subscription Bond(s) in the Matching Subscription Amount duly issued in favour of the Subscriber.

2. Obligations of the Subscriber

At each Completion, the Subscriber shall:-

- (a) deliver to the Company a certified copy of the board resolution of the Subscriber approving and authorising the subscription of the relevant Subscription Bonds; and
- (b) make or procure the making of payments to the Company in cleared funds in Hong Kong dollars of the Matching Subscription Amount for value on the date of Completion to such bank account held with a bank in Hong Kong as may be notified by the Company to the Subscriber at least two Business Days before each Completion.

SCHEDULE 3

FORM OF COMPLETION NOTICE

To: Right Perfect Limited
Attn: Board of Directors

[Date]

Dear Sirs,

Subscription Agreement dated 20 August 2009 in respect of an issue of convertible Bonds by Sewco International Holdings Limited entered into by Sewco International Holdings Limited and Right Perfect Limited ("Subscription Agreement")

This is the Completion Notice referred to in Clause 4(A) of the Subscription Agreement. Terms defined in the Subscription Agreement have the same meanings when used herein.

We hereby notify you that an aggregate principal amount of HK\$[*] Placing Bonds are proposed to be issued on [*] pursuant to the Placing Agreement. You are therefore required to subscribe for [*] in aggregate principal amount of the Subscription Bonds on [*] being the completion date for this Tranche of the Subscription Bonds.

Yours faithfully,

Sewco International Holdings Limited

ANNEXURE A

ANNOUNCEMENT

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

13.52(5)
14.88

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Sewco International Holdings Limited.

Right Perfect Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

[logo]
Sewco International Holdings Limited
崇高國際控股有限公司*
*(Incorporated in Bermuda with limited liability)
(Stock code: 209)*

**Financial Adviser to
Right Perfect Limited**
[logo]

Taifook Capital Limited

JOINT ANNOUNCEMENT

**(1) AGREEMENT IN RELATION TO
THE SALE AND PURCHASE OF SHARES IN
SEWCO INTERNATIONAL HOLDINGS LIMITED**

**(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
TAIFOOK SECURITIES COMPANY LIMITED**

[Logo of Taifook Securities]

ON BEHALF OF

**RIGHT PERFECT LIMITED
FOR ALL THE ISSUED SHARES IN
SEWCO INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED
BY RIGHT PERFECT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

(3) INCREASE IN AUTHORISED SHARE CAPITAL

**(4) CONDITIONAL PLACING AND SUBSCRIPTION
OF CONVERTIBLE BONDS**

**(5) RESUMPTION OF TRADING IN THE SHARES OF
SEWCO INTERNATIONAL HOLDINGS LIMITED**

**for identification purpose only*

THE AGREEMENT

Pursuant to the Agreement dated 13 August 2009 among the Offeror, the Vendor and the Warrantor, the Vendor agreed to sell and the Offeror agreed to acquire 300,000,000 Shares in aggregate, representing approximately 67.35% of the issued share capital of the Company as at the date of this joint announcement. The total consideration for the Sale Shares is HK\$120,000,000 which was agreed between the Offeror and the Vendor after arm's length negotiations and represents HK\$0.4 per Sale Share. Upon the signing of the Agreement, the Offeror paid a sum of HK\$5,000,000 to the Vendor as earnest money. The balance of the total consideration, being HK\$115,000,000, for the Sale Shares will be settled by the Offeror in full in cash upon Completion.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, neither the Offeror nor any parties acting in concert with it had any interest in the share capital or voting rights of the Company. Upon Completion, the Offeror and parties acting in concert with it will be interested in a total of 300,000,000 Shares, representing approximately 67.35% of the issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Taifook Securities will make the Offer, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

For every Offer ShareHK\$0.4 in cash

On the basis of the Offer Price of HK\$0.4 per Offer Share and [445,430,000] Shares in issue as at the date of this joint announcement, the entire market capitalisation of the issued share capital of the Company would be HK\$[178,172,000]. Excluding the 300,000,000 Sale Shares to be acquired by the Offeror pursuant to the Agreement, [145,430,000] Shares will be subject to the Offer and the total consideration of the Offer would be HK\$[58,172,000] on the basis of the Offer Price.

THE PLACING AND THE SUBSCRIPTION

On [20] August, 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed amongst other things to procure, on a best efforts basis, independent placees to subscribe in cash for Convertible Bonds up to the principal amount of HK\$[130,000,000]. The Company has agreed that the Placing Agent may, at any time during the Placing Period, require the Convertible Bonds to be issued in up to [five] separate tranches in the principal amount of the Convertible Bonds comprised in each tranche of HK\$[26,000,000] or integral multiples thereof.

On [20] August, 2009, the Company entered into the Subscription Agreement with Right Perfect, pursuant to which Right Perfect has agreed to subscribe for up to an aggregate principal amount of HK\$[120,000,000] of the Convertible Bonds, on the

basis of HK\$24,000,000 in principal amount of Convertible Bonds for every HK\$26,000,000 of the Convertible Bonds placed by the Placing Agent pursuant to the Placing Agreement].

The issue of Convertible Bonds pursuant to the Placing and the Subscription is subject to the fulfilment of conditions precedent disclosed below.

Assuming all the Convertible Bonds are placed to independent placees and subscribed by Right Perfect, upon full conversion of the HK\$[250,000,000] principal amount of the Convertible Bonds at the Initial Conversion Price, a total of [657,894,736] Conversion Shares will be issued, representing approximately [147.7]% of the existing issued share capital of the Company and approximately [59.63]% of the Company's issued share capital as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

The Convertible Bonds are proposed to be issued pursuant to a specific mandate to be granted by Shareholders at the SGM. Right Perfect will on completion of the Agreement become a controlling shareholder of the company (as defined in the Listing Rules). It has agreed that, if it is a Shareholder at the SGM, it and its associates shall abstain from voting on the resolution, among other things, to approve the issue of the Convertible Bonds pursuant to Rule 2.15 of the Listing Rules.

On the assumption that all Convertible Bonds are fully placed and subscribed, the net proceeds from the Placing and the Subscription will be approximately HK\$[245.4] million.

The Company also proposes the Increase in Authorised Share Capital as a condition precedent to the issue of the Convertible Bonds and to facilitate the issue of the Conversion Shares.

GENERAL

In accordance with Rule 8.2 of the Takeovers Code, an offer document containing, among other things, details of the Offer, together with the relevant forms of acceptance and transfer, will be despatched to the Shareholders as soon as practicable, but in any event within 21 days of the date of this joint announcement.

As required under the Takeovers Code, the Company will despatch the offeree board circular in relation to the Offer to the Shareholders within 14 days of the posting of the offer document, or such later date as the Executive may consent to. Such consent will only be given if the Offeror agrees to an extension of the first closing date by the number of days in respect of which the delay in the posting of the offeree board circular is agreed.

The Independent Board Committee comprising all the independent non-executive Directors, who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders in respect of the Offer, in particular as to whether the Offer is or is not fair and reasonable and as to acceptance. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee in respect of the Offer. The appointment of the

independent financial adviser will be approved by the Independent Board Committee and a further announcement will be made by the Company in this regard.

A SGM will be convened by the Company at which a resolution will be proposed to seek approval of (i) the Increase in Authorised Share Capital; and (ii) the issue of the Convertible Bonds pursuant to the Placing Agreement and the Subscription Agreement and the issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. Right Perfect and its associates will abstain from voting on the resolution.

A circular containing, among other things (i) details of the Placing and the Subscription; (ii) the Increase in Authorised Share Capital; and (iii) the notice of the SGM will be sent to shareholders of the Company as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on [*] August 2009.

Warning

The Offer is a possibility only. The making of the Offer is subject to Completion which may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE AGREEMENT

Pursuant to the Agreement dated 13 August 2009 among the Offeror, the Vendor and the Warrantor, the Vendor agreed to sell and the Offeror agreed to acquire 300,000,000 Shares in aggregate, representing approximately [67.35]% of the entire issued share capital of the Company as at the date of this joint announcement. The principal terms of the Agreement are summarised below.

Date

13 August 2009

Parties

Vendor : Great Victory International Inc., which is the controlling Shareholder holding 300,000,000 Sale Shares, representing approximately [67.35]% of the issued share capital of the Company as at the date of this joint announcement and is a company beneficially and wholly-owned by Mr. Cheung

Purchaser : Right Perfect Limited, which is ultimately beneficially and wholly-owned by Mr. Suen through his entire interest in Smart Legend

Warrantor : Mr. Cheung, as warrantor to give certain warranties, undertakings and indemnities in favour of the Offeror under the Agreement

Subject of the Agreement

Pursuant to the Agreement, the Vendor agreed to sell and the Offeror agreed to acquire the Sale Shares, being 300,000,000 Shares in aggregate, representing approximately [67.35]% of the issued share capital of the Company as at the date of this joint announcement.

The Sale Shares will be sold free from all Encumbrances and with all rights attaching thereto falling on or after the Completion Date (including the rights to receive all dividends and distributions declared, made or paid with the record date falling on or after the Completion Date) at the Consideration.

Consideration

The total consideration for the Sale Shares is HK\$120,000,000 (equivalent to HK\$0.4 per Sale Share) which was agreed among the Vendor and the Offeror after arm's length negotiations and has been paid or shall be payable by the Offeror in the following manner:

- (i) the sum of HK\$5,000,000 as earnest money (the "Deposit") was paid to the Vendor upon the signing of the Agreement; and
- (ii) the remaining balance of HK\$115,000,000 shall be payable to the Vendor or such other recipient as the Vendor shall direct upon Completion.

The Deposit shall be non-refundable unless:

- (i) the Agreement is terminated because of non-fulfilment of condition (iii) as set out in the paragraph headed "Conditions precedent to the Agreement" below; or
- (ii) following satisfaction or (where applicable) waiver of all the conditions precedent as set out in the paragraph headed "Conditions precedent to the Agreement" below, the Vendor fails to complete the Agreement otherwise than as a result of the default of the Offeror,

in which case the Deposit together with all interests accrued thereon shall be paid to the Offeror by the Vendor forthwith.

Conditions precedent to the Agreement

Completion shall be conditional upon fulfilment and the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Stock Exchange and the Executive confirming in writing that they have no further comment on this joint announcement in respect of the transactions contemplated under the Agreement and the publication of this joint announcement on the Stock Exchange's website;
- (ii) no written notice being received on or before the Completion Date from the SFC or the Stock Exchange to the effect that the listing of the Shares on the main board of the Stock Exchange will or may be withdrawn (or conditions will or may be attached thereto) as a result of Completion or in connection with the terms of or any transaction contemplated by the Agreement (including, but not limited to, in connection with an allegation that the Company is no longer suitable for listing);
- (iii) no order has been made or petition presented or resolution passed for the winding up of the Company; and
- (iv) the warranties, representations and undertakings set out in the Agreement given by the Vendor and the Warrantor remaining true and accurate in all material respects.

The Offeror may at its absolute discretion at any time waive in writing any of the conditions precedent of the Agreement (to the extent it is capable of being waived). If the conditions precedent are not fulfilled or waived on or before 5:00 p.m. on 12 October 2009 or such later date as the Offeror may agree in writing, the Agreement shall lapse and be of no further effect in accordance with the Agreement. No party to the Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Agreement.

Completion

Pursuant to the Agreement, the Completion shall take place on the fifth Business Day after the fulfilment (or waiver) of condition precedent (i) of the Agreement as set out in the paragraph headed "Conditions precedent to the Agreement" above or such other date as the parties to the Agreement may agree in writing. Subject to satisfaction or waiver of all the conditions precedent as set out in the paragraph headed "Conditions precedent to the Agreement" above, Completion is expected to take place on the fifth Business Day after the fulfilment of condition precedent (i) of the Agreement as set out in the paragraph headed "Conditions precedent to the Agreement" above, which is expected to be on or about [26] August 2009. A separate announcement regarding Completion will be made by the Company and the Offeror in this regard.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, neither the Offeror, Mr. Suen nor any of the parties acting in concert with any one of them had any interest in the share capital or voting rights of the Company. Upon Completion, the Offeror and parties acting in concert with it will be interested in a total of 300,000,000 Shares, representing approximately [67.35]% of the issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional general offer

R3.5 (e)

R3.5 (c) (i)
& (ii)

in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the date of this joint announcement, the Company has [445,430,000] Shares in issue and does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

R3.5 (c)
(iv)

Principal terms of the Offer

R3.5 (a)

Taifook Securities will make the Offer, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

For every Offer ShareHK\$0.4 in cash

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

Comparison of value

The Offer Price of HK\$0.4 is equal to the price per Share paid by the Offeror under the Agreement and represents:

- (i) a premium of approximately 14.29% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 14.29% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day of HK\$0.35 per Share;
- (iii) a premium of approximately 19.40% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day of HK\$0.335 per Share; and
- (iv) a premium of approximately 5.26% over the audited consolidated total equity attributable to Shareholders of approximately HK\$0.38 per Share as at 31 December 2008.

Value of the Offer

On the basis of the Offer Price of HK\$0.4 per Offer Share and [445,430,000] Shares in issue as at the date of this joint announcement, the entire market capitalisation of the issued share capital of the Company would be HK\$[178,172,000]. Excluding the 300,000,000 Sale Shares to be acquired by the Offeror pursuant to the Agreement, [145,430,000] Shares will be subject to the Offer and the total consideration of the Offer would be HK\$[58,172,000] on the basis of the Offer Price.

Financial resources available to the Offeror

Taifook Securities is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer. The Offer will be financed by loan facilities provided by Taifook Securities in addition to the personal resources of Mr. Suen.

R3.5

Stamp duty

Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as practicable but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Other arrangements

As at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer. Save for the Agreement, there is no agreement or arrangement to which the Offeror or Mr. Suen is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

R3.5 (f)
& (g)

As at the date of this joint announcement, none of the Offeror, Mr. Suen nor parties acting in concert with any one of them has received any irrevocable commitment to accept the Offer.

R3.5
(c)(iii)

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in Bermuda and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. Shareholders outside Hong Kong wishing to participate in the Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

INFORMATION ON THE OFFEROR

R3.5 (b)

The Offeror is an investment holding company incorporated in the BVI with limited liability and is beneficially and wholly-owned by Smart Legend. Smart Legend is in turn beneficially and wholly-owned by Mr. Suen, who is also the sole director of the Offeror and Smart Legend. As at the date of this joint announcement, the Offeror and Smart Legend do not have any principal assets or business operations other than the entering into of the Agreement.

Mr. Suen, aged 48, holds a Master of Business Administration degree from the University of South Australia and is a merchant. Mr. Suen is an executive director and the Chairman of China Yunnan Tin Minerals Group Company Limited (stock code: 263) and Poly Development Holdings Limited (stock code: 1141) and BEP International Holdings Limited (stock code: 2326), all being listed companies in Hong Kong.

Save for the proposed acquisition of the Sale Shares under the Agreement, none of the Offeror nor parties acting in concert with any of them has dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares during the period commencing on the date falling six months prior to the date of the Agreement and up to the date of this joint announcement. The Offeror and its beneficial owner are Independent Third Parties.

R3.5 (d)

The Offeror, Mr. Suen and parties acting in concert with any one of them have not entered into any contracts in relation to the outstanding derivatives in respect of securities in the Company nor borrowed or lent any relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) in the Company.

R3.5 (h)

INFORMATION ON THE GROUP

The Company is an investment holding company with its subsidiaries principally engaged in the manufacture and trading of toys.

The Group recorded audited loss attributable to equity holders of the Company of approximately HK\$55,773,000 and approximately HK\$84,274,000 for the two financial years ended 31 December 2007 and 2008 respectively. The audited consolidated total equity attributable to equity holders of the Company as at 31 December 2007 and 31 December 2008 were approximately HK\$244,101,000 and HK\$167,271,000 respectively.

OFFEROR'S INTENTION ON THE GROUP

[It is the intention of the Offeror that the Group will continue its existing principal activities. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offer. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Group and will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the date of this joint announcement, the Offeror has no intention or concrete plans for any acquisition or disposal of assets and/or business by the Group.]

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

The Board is currently made up of seven Directors, comprising four executive Directors, being Ms. Cheung Yan, Priscilla, Ms. Cheung Man, Catherine, Mr. Hui Kwok Chu and Mr. Sham Lok Shing, Edward and three independent non-executive Directors, being Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin.

After the despatch of the offer document, the Offeror will nominate new Director(s) to the Board, representing a majority of the Board. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

LR13.51
(2)(b)

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The new Directors to be nominated by the Offeror to the Board and the sole director of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes an increase in authorised share capital from HK\$[100,000,000] divided into [1,000,000,000] Shares of HK\$[0.10] each to HK\$[700,000,000] divided into [7,000,000,000] Shares of HK\$[0.10] each by the creation of [6,000,000,000] Shares of HK\$0.10 each to facilitate the Placing and the Subscription.

14.58(2)

THE PLACING

The Placing Agreement contains the principal terms set out below:-

Issuer: The Company

13.28(10)

Placing Agent: Taifook Securities. To the best of the director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent is a third party independent of the Company and Connected Persons of the Company.

Taifook Securities will also make the Offer on behalf of the Offeror upon Completion.

The Placing Agreement: On [20] August, 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent will on a best efforts basis procure independent placees to subscribe in cash for

the Convertible Bonds up to an aggregate principal amount of HK\$[130,000,000] during the Placing Period and the Convertible Bonds may be issued in up to five separate tranches.

**Initial Conditions
Precedent:**

The Placing is conditional upon:

- (i) the passing of a resolution by the Shareholders who are permitted to vote under the Listing Rules to approve the issue of the Convertible Bonds and the Conversion Shares and the Increase in Authorised Share Capital at a special general meeting of the Company in accordance with the Listing Rules;
- (ii) [(unless a waiver is obtained from the Executive under Rule 4 of the Takeovers Code) the passing of a resolution by Shareholders who are permitted to vote under the Takeovers Code to approve the issue of the Convertible Bonds and the Conversion Shares in accordance with Rule 4 of the Takeovers Code];
- (iii) the Increase in Authorised Share Capital becoming effective; and
- (iv) Completion.

13.28(11)
(14)

If the initial conditions precedent are not fulfilled on or before [31 December], 2009 (or such later date as may be agreed between the Placing Agent and the Company), the Placing Agreement shall thereupon lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of any antecedent breaches.

[In light of the Offer, the Placing is considered a frustrating action under Rule 4 of the Takeovers Code and is generally subject to Shareholders' approval. Right Perfect has consented in writing to the issue of the Placing Bonds and the Company has applied for [, and the Executive has granted,] a waiver from the requirement for the Company to obtain Shareholders' approval in general meeting in relation to the Placing pursuant to Note 1 to Rule 4 of the Takeovers Code.]

**Placing
Conditions
Precedent:**

In addition to the fulfilment of the initial conditions precedent, completion of the Placing of each tranche of the Convertible Bonds shall be conditional upon:-

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares in respect of such tranche of the Placing Bonds;
- (ii) the Company not having received any objection from the Stock Exchange to the issue of such tranche of the Placing Bonds; and
- (iii) (except for the last tranche of the Placing Bonds to be issued) the aggregate principal amount of Placing Bonds to be issued pursuant to that tranche is HK\$[26,000,000] or integral multiples thereof.

If the Placing Conditions Precedent for any tranche of the Convertible Bonds set out above are not fulfilled within 14 days from the date of notification by the Placing Agent that the Placing Agent has procured subscribers for such tranche of the Convertible Bonds or such later date as the parties may agree in writing, then the obligations of the parties in respect of the issue of such tranche of the Convertible Bonds shall lapse. Each notification of the Placing Agent, once given, is irrevocable, unless agreed to by both parties in writing.

Placing Agent:

The Placing Agent will receive a placement commission of 2% of the aggregate principal amount of the Placing Bonds for which it has procured subscribers.

Placees:

The Placing Agent will use all reasonable endeavours (exercising due care and making reasonable enquiries) to ensure that (i) the subscribers and their ultimate beneficial owners (a) are not Connected Persons of the Company, and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates (as defined in the Listing Rules), and (b) are not persons acting in concert with Right Perfect or its associates (as defined in the Takeovers Code); (ii) none of the subscribers holds, directly or indirectly, any shares of the Company; and (iii) the subscribers are subscribing for the Placing Bonds as principal and not as agent for others.

THE SUBSCRIPTION

The Subscription Agreement contains the principal terms set out below:-

Issuer: The Company

13.28(10)

Subscriber: Right Perfect (i.e. the Offeror)

The Subscription Agreement: On [20] August, 2009, the Company entered into the Subscription Agreement with Right Perfect, pursuant to which Right Perfect has agreed to subscribe for up to an aggregate principal amount of HK\$[120,000,000] of the Convertible Bonds, on the basis of HK\$24,000,000 in principal amount of Convertible Bonds for every HK\$26,000,000 of the Convertible Bonds placed by the Placing Agent pursuant to the Placing Agreement]. 14.58(4)

Initial Conditions Precedent: The Subscription Agreement is conditional upon:

- 13.28(11)
(14)
- (i) the passing of a resolution by the shareholders of the Company who are permitted to vote under the Listing Rules to approve the issue of the Bonds and the Conversion Shares and the Increase in Authorised Share Capital at a special general meeting of the Company in accordance with the Listing Rules;
 - (ii) [(unless a waiver is obtained from the Executive under Rule 4 of the Takeovers Code) the passing of a resolution by Shareholders who are permitted to vote under the Takeovers Code to approve the issue of the Convertible Bonds and Conversion Shares in accordance with Rule 4 of the Takeovers Code];
 - (iii) the Increase in Authorised Share Capital becoming effective; and
 - (iv) Completion.

If the initial conditions precedent are not fulfilled on or before [31 December] 2009 (or such later date as may be agreed between Right Perfect and the Company), the Subscription Agreement shall thereupon lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of any antecedent breaches.

Subscription Conditions Precedent: In addition to the fulfilment of the initial conditions precedent, completion of the Subscription of each tranche of the Convertible Bonds shall be conditional upon:-

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares in respect of such tranche of the Subscription Bonds;
- (ii) the Company not having received any objection from the Stock Exchange to the issue of such tranche of the Subscription Bonds; and
- (iii) the issue of the Placing Bonds referred to in the relevant

completion notice given by the Company to Right Perfect.

If the initial conditions precedent for any tranche of the Convertible Bonds set out above are not fulfilled within 14 days from the date of the completion notice given by the Company for such tranche of Convertible Bonds or such later date as the parties may agree in writing, then the obligations of the parties in respect of the issue of such tranche of the Subscription Bonds shall lapse. Each completion notice, once given, is irrevocable, unless agreed to by both parties in writing.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The following describes certain of the principal terms of the Convertible Bonds:-

Aggregate Principal amount of the Convertible Bonds:	up to HK\$[250,000,000]	13.28(2)(a)
Authorized denomination for issue, transfer, conversion and redemption:	HK\$[1,000,000]	
Maturity Date:	the second anniversary from the date of issue of the [first] Convertible Bond.	
Conversion Period:	The holder of the Convertible Bonds can convert the outstanding principal amount of the Convertible Bonds in whole or in part into Shares at any time from the relevant date of issue until a date which is seven days prior to (and excluding) the maturity date.	
Conversion Price:	HK\$[0.38] per Conversion Share, subject to adjustments in certain events, including share consolidation, share subdivision, capitalization issues, capital distribution, rights issue and issues of other securities.	
Interest Rate:	3% per annum.	
Transferability:	The Convertible Bonds are transferrable except that prior written consent of the Company's required in respect of a transfer to a connected person of the Company.	
Voting:	Holders of Convertible Bond will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of them being holders of Convertible Bonds.	
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.	

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

Ranking:

The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds will rank pari passu in all respects with all other Shares outstanding on the date the name of the bondholder is entered on the register of the members of the Company as a holder of the Conversion Shares.

Conversion rights:

Holders of the Convertible Bonds intending to convert are required to provide written confirmation to the Company, among other things, (i) that it will comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to it of the Conversion Shares; and (ii) on the total number of the Shares the relevant holders of the Convertible Bonds and its associate(s) (as defined in the Listing Rules) will beneficially hold immediately after the issue of the Conversion Shares.

The Company shall not be obligated to issue any Conversion Shares if such conversion shall render the Shares held in public hands being less than the minimum public float required under the Listing Rules.

Redemption and Repurchase:

The Company shall redeem the Convertible Bonds at 100% of the principal amount outstanding on the maturity date. The Company may at any time elect to repurchase in whole or in part at a price agreed between the Company and the holder of the Convertible Bonds.

INITIAL CONVERSION PRICE

The Initial Conversion Price, being of HK\$[0.38] per Conversion Share represents:-

13.28(4)(8)

- (i) a premium of approximately [8.57]% to the closing price of HK\$0.35 per Share quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a premium of approximately [8.57]% to the average closing price of HK\$0.35 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the Last Trading Date.

The Initial Conversion Price was determined with reference to (i) the [net asset value per Share] as at 31 December 2008, and (ii) the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, Right Perfect and the Placing Agent.

13.28(5)

Assuming all the Convertible Bonds are successfully placed by the Placing Agent and subscribed by Right Perfect, upon full conversion of the HK\$[250,000,000] principal amount of the Convertible Bonds at the Initial Conversion Price, [657,894,730] Conversion Shares will be issued, representing approximately [147.7]% of the existing issued share capital of the Company and approximately [59.63]% of the Company's issued share capital as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

13.28(2)(b)

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

As stated in the Company's 2008 annual report, the Company has undertaken aggressive internal restructuring late last year with the aim of controlling costs and improving management of its manufacturing operations and margins. With the gradual improvement in the operating environment of manufacturers in 2009, further enhancement of the fruits of last year's restructuring is under review, including the possible relocation or expansion of operating facilities to localities that supports lower operating costs.

13.28(6)
13.28(3)
14.58(8)

The Placing and the Subscription present a good opportunity for the Company to raise capital for its use, as stringent lending policies of banks in current market environment has made new borrowings or maintenance of existing bank facilities a rather difficult exercise for manufacturers such as the Group.

The net proceeds of the Placing and the Subscription (assuming that all HK\$250,000,000 Convertible Bonds are issued as a result) amount to approximately HK\$[245.4] million, which are intended to be applied, as to approximately HK\$[120 million] for the construction of a new plant at a location where the Group can operate at a lower cost without compromising quality of output, approximately HK\$[80] million for the repayment of bank borrowings, should that become necessary for any reason, and as to the balance of approximately HK\$[45.4] million as working capital of the Group to fund its sales programmes and normal asset replenishment in the current year and 2010.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

13.28(9)

LISTING RULES IMPLICATIONS

The Convertible Bonds are proposed to be issued pursuant to a specific mandate to be granted by Shareholders at the SGM. Right Perfect will on completion of the Agreement become a controlling shareholder of the company (as defined in the Listing Rules). It has agreed that, if it is a shareholder of the Company at the SGM, it and its associates shall abstain from voting on the resolution to approve the issue of the Convertible Bonds pursuant to Rule 2.15 of the Listing Rules.

SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately after Completion; (iii) after the Completion and assuming the exercise in full upon conversion of the Convertible Bonds under the Placing and the Subscription at the Initial Conversion Price:

	As at the date of this joint announcement		Immediately after Completion		After the Completion and assuming the exercise in full upon conversion of the Convertible Bonds under the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor (Note)	300,000,000	[67.35]	-	-	-	-
The Offeror and parties acting in concert with it	-	-	300,000,000	[67.35]	615,789,473	[55.81]
Independent places under the Placing	-	-	-	-	342,105,263	[31.01]
Public Shareholders	[145,430,000]	[32.65]	[145,430,000]	[32.65]	[145,430,000]	[13.18]
Total	[445,430,000]	100.00	[445,430,000]	100.00	[1,103,324,736]	100.00

Note: The Vendor is a company wholly-owned by Mr. Cheung.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of

the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

In accordance with Rule 8.2 of the Takeovers Code, an offer document containing, among other things, details of the Offer, together with the relevant forms of acceptance and transfer, will be despatched to the Shareholders as soon as practicable, but in any event within 21 days of the date of this joint announcement.

As required under the Takeovers Code, the Company will send the offeree board circular in relation to the Offer to the Shareholders within 14 days of the posting of the offer document, or such later date as the Executive may consent to. Such consent will only be given if the Offeror agrees to an extension of the first closing date by the number of days in respect of which the delay in the posting of the offeree board circular is agreed.

The Independent Board Committee comprising all the independent non-executive Directors, who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders in respect of the Offer, in particular as to whether the Offer is or is not fair and reasonable and as to acceptance. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee in respect of the Offer. The appointment of the independent financial adviser will be approved by the Independent Board Committee and further announcement will be made by the Company in this regard.

A SGM will be convened by the Company at which a resolution will be proposed to seek approval of (i) the Increase in Authorised Share Capital; and (ii) the issue of the Convertible Bonds pursuant to the Placing Agreement and the Subscription Agreement and the issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. Right Perfect and its associates will abstain from voting on the resolution.

A circular containing, among other things (i) details of the Placing and the Subscription; (ii) the Increase in Authorised Share Capital; and (iii) the notice of the SGM will be sent to shareholders of the Company as soon as practicable.

WARNING

The Offer is a possibility only. The making of the Offer is subject to Completion which may or may not proceed. Shareholders and investors are advised to exercise caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on [*] August 2009.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Agreement”	the sale and purchase agreement dated 13 August 2009 entered into among the Offeror, the Vendor and the Warrantor in relation to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above or on which a “black” rainstorm warning is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“BVI”	British Virgin Islands
“Company”	Sewco International Holdings Limited (stock code: 209), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed and dealt in on the main board of the Stock Exchange
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the terms of the Agreement
“Completion Date”	the fifth Business Day after the fulfilment (or waiver) of condition (i) of the conditions precedent of the Agreement as set out in the paragraph headed “Conditions precedent to the Agreement” under the section headed the “Agreement” of this joint announcement or such other date as the parties to the

	Agreement may agree in writing	
"Consideration"	a sum of HK\$120,000,000 payable by the Offeror to the Vendor for the purchase of the Sale Shares	
"Connected Person(s)"	the meaning ascribed thereto in the Listing Rules	
"Conversion Shares"	the new Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the Convertible Bonds	13.28(2)
"Convertible Bonds"	a series of convertible bonds of up to an aggregate principal amount of HK\$[250,000,000] proposed to be issued by the Company	
"Directors"	directors of the Company	
"Encumbrances"	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same	
"Executive"	the executive director of the Corporate Finance Division of the SFC or any of his delegates	
"Group"	the Company and its subsidiaries	
"Hong Kong"	Hong Kong Special Administrative Region of the PRC	
"Increase Authorised Capital"	in the proposed increase in authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$[0.10] each to HK\$[700,000,000] divided into [7,000,000,000] Shares of HK\$0.10 each by the creation of [6,000,000,000] Shares of HK\$0.10 each	
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin, established to give recommendation to the Independent Shareholders regarding (i) the terms of the Offer; (ii) the entering into of the Placing Agreement; and (iii) the issue of the Convertible Bonds pursuant to the Subscription Agreement	
"Independent Third Parties"	the parties who, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, are independent of and not connected with any of the Director(s), chief executive(s) of the Company or substantial Shareholder(s) or any of the subsidiaries or their respective associate(s)	

“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Initial Conversion Price”	the initial conversion price of HK\$[0.38] per Conversion Share (subject to adjustments)
“Last Trading Day”	13 August 2009, being the last trading day of the Shares immediately prior to the suspension in trading of the Shares on the Stock Exchange on 14 August 2009 pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Po Lun, the controlling Shareholder and father of Ms. Cheung Yan, Priscilla and Ms. Cheung Man, Catherine, both being executive Directors
“Mr. Suen”	Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of the Offeror through his interest in Smart Legend
“Offer”	the possible mandatory unconditional cash offer to be made by Taifook Securities on behalf of the Offeror for all the issued Shares other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code
“Offeror”	Right Perfect
“Offer Price”	the price at which the Offer will be made, being HK\$0.4 per Offer Share
“Offer Share(s)”	issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Placing”	the placing of Placing Bonds in the aggregate principal amount of up to HK\$130,000,000 by the Placing Agent on a best efforts basis on the terms and conditions set out in the Placing Agreement
“Placing Agent”	Taifook Securities
“Placing Agreement”	the placing agreement dated [20] August 2009 between the Company and the Placing Agent to place the Placing Bonds
“Placing Bonds”	the placing of the Convertible Bonds under the Placing Agreement
“Placing Conditions Precedent”	the conditions precedent referred to in the section headed “Placing Conditions Precedent” in this joint announcement

14.58(2)

“Placing Period”	a period commencing from (and excluding) the date of satisfaction of the initial conditions precedent of the Placing Agreement to (and including) the date falling on the 70th Trading Day thereafter	
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Regions of PRC and Taiwan	
“Right Perfect”	Right Perfect Limited, a company incorporated in the BVI with limited liability, which is beneficially and wholly-owned by Smart Legend, being the purchaser of the Sale Shares under the Agreement	
“Sale Shares”	300,000,000 Shares to be acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Agreement	
“SFC”	the Securities and Futures Commission	
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)	
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company	13.28(2)
“Shareholders”	holders of the Shares	
“SGM”	a special general meeting of the Company to be convened to approve, inter alia, the issue of the Conversion Bonds pursuant to the Placing Agreement and the Subscription Agreement, the issue and allotment of the Conversion Shares and the Increase in Authorised Share Capital	
“Smart Legend”	Smart Legend Holdings Limited, a company incorporated in the BVI with limited liability, which is beneficially wholly-owned by Mr. Suen	
“Stock Exchange”	The Stock Exchange of Hong Kong Limited	
“Subscription”	the Subscription of the Subscription Bonds in the aggregate principal amount of up to HK\$120,000,000 on the terms and conditions of the Subscription Agreement	
“Subscription Agreement”	the subscription agreement dated [20] August 2009 entered into between the Company and Right Perfect pursuant to which the Company has agreed to issue the Subscription Bonds in the aggregate principal amount of up to HK\$120,000,000 to Right Perfect	
“Subscription Bonds”	the subscription of Convertible Bonds under the Subscription	

Agreement

"Subscription Period"	a period commencing from (and excluding) the date of satisfaction of the initial conditions precedent of the Subscription Agreement to (and including) the date falling on the 70th Trading Day thereafter (or such later date as the parties to the Subscription Agreement may agree in writing)
"Takeovers Code"	the Code on Takeovers and Mergers
"Taifook Capital"	Taifook Capital Limited, a licensed corporation under the SFO permitted to carry on type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
"Taifook Securities"	Taifook Securities Company Limited, a licensed corporation under the SFO to carry on Types 1 (dealing in securities), 3 (leveraged foreign exchange trading) and 4 (advising on securities) regulated activities, which will make the Offer on behalf of the Offeror upon Completion
"Trading Day"	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
"Vendor"	Great Victory International Inc., a company incorporated in the BVI with limited liability, which is beneficially and wholly-owned by Mr. Cheung
"Warrantor"	Mr. Cheung, being a warrantor under the Agreement
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the board of directors of
Right Perfect Limited
Mr. Suen Cho Hung, Paul
Sole Director

By Order of the Board
Sewco International Holdings Limited
Ms. Cheung Yan, Priscilla
Chairman

Hong Kong, [*] August 2009

As at the date of this joint announcement, the Board comprises four executive Directors, namely Ms. Cheung Yan, Priscilla (Chairman of the Board), Ms. Cheung Man, Catherine, Mr. Hui Kwok Chu (Chief Executive Officer) and Mr. Sham Lok Shing, Edward; and three independent non-executive Directors, namely Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin.

R2.14

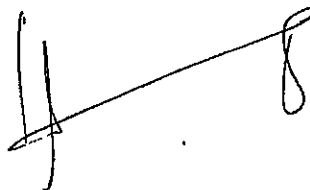
As at the date of this joint announcement, the sole director of the Offeror is Mr. Suen Cho Hung, Paul.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Vendor and parties acting in concert with them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

SIGNED by
duly authorised for and on behalf of
SEWCO INTERNATIONAL
HOLDINGS LIMITED
in the presence of:-

)
)
)
)
)

A handwritten signature in black ink, consisting of a vertical stroke on the left, a diagonal stroke across the middle, and a loop on the right.


SIGNED by
duly authorised for and on behalf of
RIGHT PERFECT LIMITED
in the presence of:-

)
)
)
)



SIGNED by)
duly authorised for and on behalf of)
SEWCO INTERNATIONAL)
HOLDINGS LIMITED)
in the presence of:-)

SIGNED by *Suen Cho Hung, Paul*)
duly authorised for and on behalf of)
RIGHT PERFECT LIMITED)
in the presence of:-)



CHAN YUK YEE

For and on behalf of
RIGHT PERFECT LIMITED
正美有限公司



.....
Authorised Signature(s)



Dated the 1st day of September 2009

- (1) SEWCO INTERNATIONAL HOLDINGS LIMITED
as the Company

- (2) GET NICE SECURITIES LIMITED
as Placing Agent

PLACING AGREEMENT
of up to 89,084,000 new shares in the share capital of
SEWCO INTERNATIONAL HOLDINGS LIMITED

RICHARDS BUTLER
in association with Reed Smith LLP
20th Floor
Alexandra House
16-20 Chater Road
Central
Hong Kong

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THIS AGREEMENT dated 1 September 2009 is made

BETWEEN:-

- (1) SEWCO INTERNATIONAL HOLDINGS LIMITED, a company incorporated in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at 18th Floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon, Hong Kong (the "Company"); and
- (2) GET NICE SECURITIES LIMITED, a company incorporated in Hong Kong and having its registered office at 10th Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong (the "Placing Agent").

WHEREAS:-

- (A) the Company is incorporated in Bermuda and has an authorised share capital of HK\$100,000,000 divided into 1,000,000,000 Shares, of which 445,430,000 Shares have been issued and are fully paid or credited as fully paid; and
- (B) the Company now intends to issue the Placing Shares and the Company has agreed to appoint the Placing Agent as placing agent of the Company for the purpose of procuring, on a best efforts basis, the Placees to subscribe for up to 89,084,000 Placing Shares at the Placing Price on the terms and subject to conditions set out in this Agreement

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

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

"Annual Report"	the Company's published annual report containing the audited consolidated financial statements of the Group for the year ended on the Audited Accounts Date;
"Announcement"	the announcement to be made by the Company in relation to, inter alia, this Agreement and the proposed issue of the Placing Shares, a draft form of which is annexed hereto as "Annexure A";
"Audited Accounts Date"	31 December 2008;
"Business Day"	means a day (other than a Saturday, Sunday and a day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on

	which licensed banks are open for general banking business in Hong Kong throughout their normal business hours;
"CCASS"	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited;
"Completion"	completion of the Placing pursuant to Clause 4;
"Conditions Precedent"	the conditions precedent set out in Clause 3(A);
"Code"	the Hong Kong Code on Takeovers and Mergers;
"Connected Person(s)"	the meaning ascribed thereto in the Listing Rules;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
"Group"	the Company and its Subsidiaries;
"HK\$" and "cents"	Hong Kong dollars and cents, respectively; and
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Placee(s)"	any independent individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent's obligations hereunder and identified in a Placing Notice given pursuant to Clause 4(A);
"Placing"	the offer by way of a private placement of the Placing Shares by the Placing Agent on the terms and conditions set out in this Agreement;
"Placing Period"	the period from (and including) the date of this Agreement to (and including) the date which is five Business Days thereafter;
"Placing Price"	HK\$0.49 per Placing Share;
"Placing Shares"	up to 89,084,000 new Shares to be issued pursuant to this Agreement;
"Right Perfect"	Right Perfect Limited, a company incorporated in the British Virgin Islands with limited liability;
"Shares"	ordinary shares of HK\$0.10 each in the share capital of the Company existing as at the date of this Agreement;

- "SFC" the Securities and Futures Commission of Hong Kong.
- "Stock Exchange" The Stock Exchange of Hong Kong Limited;
- "Subsidiary" the meaning ascribed thereto in the Listing Rules; and
- "Warranties" the representations, warranties and undertakings contained in Clause 5.
- (B) In this Agreement, unless the context otherwise requires, any reference to a "Clause" or a "Schedule" or an "Annexure" is a reference to a clause or a schedule or annexure to this Agreement and, unless otherwise indicated, a reference to a Clause includes all the sub-Clauses of that Clause.
- (C) In this Agreement, words importing the singular include the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) In this Agreement, references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments (whether with or without modification) and any subordinate legislation made under such provisions, and references to time are to Hong Kong time.

2. PLACING OF THE PLACING SHARES

- (A) The Company hereby appoints the Placing Agent and the Placing Agent agrees to act as the placing agent for the Company in connection with the Placing on the terms of this Agreement.
- (B) Subject to fulfilment of the Conditions Precedent, the Placing Agent agrees to procure Placees during the Placing Period, on a best effort basis, to subscribe for up to 89,084,000 Placing Shares at the Placing Price (together with such Stock Exchange trading fee, SFC transaction levy and CCASS and other fees as may be payable by the Placees). The Placing Shares shall be offered by the Placing Agent to not less than six Placees in board lots of the Shares. 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 paragraph 13.28 of the Listing Rules, and shall use its best endeavours to ensure that such information is available for incorporation in any announcement required to be made by the Company in respect thereof. The Placing Agent shall procure that there be paid to or to the order of the Company the Placing Price for the Placing Shares for which it has procured Placees to subscribe on Completion in accordance with the provisions set out in Schedule 1.
- (C) The Placing Agent shall procure that the Placees shall provide to the Company such information relating to the Placees and their ultimate beneficial owners as may reasonably be required by the Company for disclosure in the announcements and/or circulars of the Company as may be required under the Listing Rules and by the Stock Exchange or SFC and the Placing Agent shall procure that the relevant Placees give consents in writing to

such disclosure.

- (D) In consideration of the services of the Placing Agent, the Company shall at Completion pay to the Placing Agent; (i) a fee equal to two per cent (2%) of the amount equal to the Placing Price multiplied by the number of the Placing Shares issued to Placees (which shall include sellers brokerage); and (ii) seller's Stock Exchange trading fee and SFC transaction levy (if any). The Company hereby authorises the Placing Agent to deduct fees due to the Placing Agent from the subscription moneys payable to the Company and to retain the fees which it is entitled to receive. The Placing Agent (not the Company) shall be responsible for any fees or commissions payable to any sub-placing agent(s) appointed by it pursuant to Clause 2(E).
- (E) The Placing Agent may in turn appoint other sub-placing agent(s) to procure Placees for the Placing Shares provided that the Placing Agent shall remain liable for all acts and omission of any sub-placing agent(s) appointed by it pursuant to this Clause 2(E). 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. The Placing Agent shall be responsible for all loss or damage to any persons (including the Company) arising out of (i) any fraud, default, omission or negligence on the part of the Placing Agent or any sub-placing agent involved in the Placing or (ii) as a result from breach or non-compliance by the Placing Agent or any sub-placing agent with its obligations under this Agreement.

3. CONDITIONS PRECEDENT

- (A) The obligations of the parties hereto with respect to the issue of the Placing Shares are conditional upon:-
- (i) the granting of a waiver from the SFC under note 1 to Rule 4 of the Code; and
 - (ii) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Issuer does not reasonably object) approval for the listing of and permission to deal in the Placing Shares.
- (B) None of the Conditions Precedent is capable of being waived. If the Conditions Precedent are not fulfilled on or before 30 September 2009 (or such later date as may be agreed between the Placing Agent and the Company), this Agreement shall thereupon lapse and become null and void and the parties will be released from all obligations hereunder, save for any liability arising out of any antecedent breaches hereof.
- (C) The Company shall use its reasonable endeavours to procure the fulfilment of the Conditions Precedent as soon as possible and in any event on or before the date specified in Clause 3(B). The Company shall notify the Placing Agent as soon as practicable after it becomes aware of fulfilment of the Conditions Precedent set out above.

4. COMPLETION

- (A) No later than 5:00 p.m. on the last date of the Placing Period, the Placing Agent shall notify the Company in writing after it has in compliance with the terms of this Agreement procured persons to subscribe for the Placing Shares. The Placing Agent shall specify in its notice (the "Placing Notice", a form of which is set out in Schedule 2), the identity (including ultimate beneficial owner) of each person which it has procured to subscribe for the Placing Shares and the amount of the Placing Shares proposed to be subscribed by each such person. If so requested by the Company, the Placing Agent shall furnish the Company with such further information requested by the Company, acting reasonably, in respect of the identity of the proposed placee and/or the ultimate beneficial owner of such persons. The Placing Agent shall promptly in compliance with its obligations under Clause 6(D) of this Agreement provide to the Stock Exchange all information concerning the Placees as the Stock Exchange may from time to time require (in particular, the Placing Agent shall obtain independence confirmation referred to in Clause 6(D)). Subject to the satisfaction of the Conditions Precedent, the Placing Notice once given shall be irrevocable, unless agreed by the Company and the Placing Agent respectively in writing.
- (B) Completion for the Placing shall take place on the second Business Day after the date of fulfilment of the Conditions Precedent at 3:00p.m. at the principal office of the Company in Hong Kong (or other date and place as may be agreed between the parties) and each party shall perform its respective obligations set out in Schedule 2.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (A) The Company hereby represents, warrants and undertakes to the Placing Agent that as at the date hereof and as at Completion, subject to the matters disclosed in the Annual Report and/or in announcements or circulars made or despatched by the Company now or at any time prior to Completion:-
- (i) subject to the fulfilment of the Conditions Precedent, the Company has the authority to enter into and perform this Agreement and the directors of the Company are authorised to issue the Placing Shares and that in entering into this Agreement, the Company does not do so in breach of any applicable legislation or rules and this Agreement constitutes, and the Placing Shares when issued will constitute, valid, binding and enforceable obligations of the Company;
 - (ii) the Company will at all material times have sufficient authorised but unissued share capital for the Company to perform its obligations under this Agreement and the Placing Shares, when issued, will be duly authorised and will rank *pari passu* in all respects with all other Shares in issue at that time and be entitled to all dividends and distributions the record date for which is on or after the date which the name of the Placee is entered on the Company's register of members as holder of the relevant Placing Shares;
 - (iii) all statements of fact contained in the Announcement are true and accurate in all respects and not misleading 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 materially misleading or which is otherwise material in the context of the Placing;

- (iv) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation, there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group;
- (v) the Company is not in breach of any applicable law, decree, judgment, legislation, order, regulation, statute, ordinance, treaty or other legislative measure which breach would reasonably be expected to have material and adverse effect on the Group (taken as a whole);
- (vi) 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 Company, 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 can reasonably be expected to have or has had a material adverse effect upon the financial or business condition or prospects (whether or not arising in the ordinary course of business) of the Group (taken as a whole) or which is material in the context of the Placing.

The foregoing provisions of this Clause 5 shall remain in full force and effect notwithstanding completion of the Placing.

- (B) The representations and warranties set out in Clause 5(A) are given as at the date hereof and shall be deemed to be repeated by the Company on Completion as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The Company undertakes up to and until completion of this Agreement or its earlier termination to notify the Placing Agent of any matter or event coming to its attention prior to the date of Completion which would or would reasonably be considered to render or have rendered any of the representations and warranties made by it set out in Clause 5(A) untrue, inaccurate or misleading in any material respect. The Company shall not, and shall use all reasonable endeavours to procure that no member of the Group shall, at any time prior to or on the date of Completion do or omit to do anything which may cause any of the representation and warranties made by it and set out in Clause 5(A) to be untrue.

6. PLACING AGENT'S UNDERTAKINGS

- (A) The Placing Agent undertakes to the Company that the Placing will be effected by telephone conversations leading to concluded contracts and will be confirmed by letters of confirmation and forms of acknowledgement in usual form for such oral agreement.
- (B) The Placing Agent represents, warrants and undertakes to the Company that:-
 - (i) the Placing Agent will not, directly or indirectly, engage in price stabilisation in relation to the Placing, or offer, sell or deliver any Placing Shares or distribute or publish any documents (including, without limitation to the foregoing, 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 subscribe the Placing Shares), or make any representations or statements in relation to the Placing in any country or jurisdiction except where such offer, sale or delivery is made under circumstances that shall not result in or constitute a breach of any applicable laws and regulations or give rise to a requirement for any prospectus to be published or filed or any registration or qualification to be made or obtained (other than such as are made or obtained by the Placing Agent) in any such country or jurisdiction and all offers, sales and deliveries of the Placing Shares shall be made on such terms;

- (ii) the Placing Shares will not be offered or sold (including in the case of an on-sale by the Placing Agent) in Hong Kong by means of any document or in circumstances which will constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the laws of Hong Kong), and that no invitation or advertisement relating to the Placing Shares will be made or issued in Hong Kong other than to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent; and
 - (iii) the Placing Agent has full power and authority to enter into this Agreement and obtained all necessary corporate action to authorise the execution and performance of this Agreement.
- (C) The Placing Agent confirms and undertakes that it has not made and shall not make to any person to whom the 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.
- (D) The Placing Agent will use all reasonable endeavours (exercising due care and making reasonable enquiries) to ensure that (i) the Placees and their ultimate beneficial owners (a) are not Connected Persons of the Company, and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its Subsidiaries, or their respective associates (as defined in the Listing Rules), and (b) are not persons acting in concert with Mr. Suen Cho Hung, Paul, Right Perfect or their respective associates (as defined in the Code); (ii) none of the Placees holds, directly or indirectly, any shares of the Company prior to the Placing; and (iii) the Placees are subscribing for the Placing Shares as principal and not as agent for others, and shall obtain confirmations to that effect and shall provide a list of the Placees to the Stock Exchange.

7. NOTICES

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

If to the Company to:

Address : 18th Floor, Wing Wong Commercial Building
Nos. 557 and 559 Nathan Road, Kowloon
Hong Kong
Facsimile : (852) 2770-5036
Attention : The Board of Directors

If to the Placing Agent to:

Address : 10th Floor, Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong
Facsimile : (852) 2523-3743
Attention : Mr Larry Ng

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

8. COSTS AND EXPENSES

- (A) Each party shall bear its own costs and expenses incurred by it in connection with the preparation, negotiation and settlement of this Agreement.
- (B) Capital fees or stamp duty (if any) relating to the issue and delivery of the Placing Shares pursuant to this Agreement shall be borne by the Company.

9. GENERAL

- (A) The Company shall notify the Placing Agent of any public announcement or communication to the press or the shareholders of the Company concerning the Company and/or its Subsidiaries, made by or on behalf of the Company between the date hereof and the date of Completion, which is material in relation to the Placing.
- (B) Any time, date or period mentioned in this Agreement may be extended by agreement between the Company 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.
- (C) No failure or delay by a party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or

remedy. Without limiting the foregoing, no waiver by a party of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.

- (D) Neither party hereto shall assign any of its rights under this Agreement (all of which shall be incapable of assignment without the prior written consent of the other) or purport to do so. This Agreement shall be binding on and enure for the benefit of each party's successors and permitted assigns.
- (E) This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which when executed shall constitute an original and all of which when taken together shall constitute one and the same document.
- (F) This Agreement constitutes the entire agreement between the parties with respect to its subject matter (neither party having relied on any representation or warranty made by the other party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the parties.
- (G) This Agreement supersedes all and any previous agreements, arrangements or understandings between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- (H) If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- (I) Each party shall on demand of the other do or execute so procure to be done or executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

10. GOVERNING LAW AND JURISDICTION

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

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

SCHEDULE 1

COMPLETION REQUIREMENTS

1. Obligations of the Company

At Completion, the Company shall deliver to the Placing Agent:-

- (a) a certified copy of the board resolution of the Company approving and authorising the execution and completion of this Agreement (to the extent that such board resolution has not already been delivered by the Company to the Placing Agent prior to such Completion);
- (b) a certified copy of the resolution of the board of directors of the Company (or a duly authorised committee thereof) approving and authorising the issue of the Placing Shares upon the terms and subject to the Conditions;
- (c) evidence reasonably satisfactory to the Placing Agent of the fulfilment of the Conditions Precedent (to the extent that such evidence has not already been delivered by the Company to the Placing Agent prior to Completion); and
- (d) provide to the Placing Agent either definitive share certificates issued in the names of the relevant Placees in respect of the relevant number of Placing Shares subscribed for by each Placee or (if requested by a Placee) evidence satisfactory to the Placing Agent that the Company has issued the relevant share certificate(s) in the name of HKSCC Nominees Limited and delivered such certificates to Hong Kong Securities Clearing Company Limited for credit to the CCASS accounts in accordance with the Placees' written instructions or otherwise in accordance with the details as provided by the Placing Agent in the Placing Notice.

2. Obligations of the Placing Agent

At Completion, the Placing Agent shall:-

- (a) deliver to the Company reasonable evidence of the authority of each Placee of the Placing Shares (if a corporation) for the subscription of the relevant Placing Shares; and
- (b) in respect of the Placing Shares make or procure the making of payments to the Company in cleared funds in Hong Kong dollars of the aggregate amount of the Placing Shares (less the amounts referred to in Clause 2(D) of the Agreement) and such payment shall be made for value before 3:00 p.m. on the date of Completion to such bank account held with a bank in Hong Kong as may be notified by the Company to the Placing Agent at least two Business Days before Completion.

SCHEDULE 2

FORM OF PLACING NOTICE

To: Sewco International Holdings Limited

[Date]

Dear Sirs,

Placing Agreement dated 1 September 2009 of up to 89,084,000 new shares in the share capital of Sewco International Holdings Limited ("Placing Agreement")

This is the Placing Notice as referred to in Clause 4(A) of the Placing Agreement. Terms used in this letter have the same meaning as defined in the Placing Agreement.

We have procured the following persons to subscribe for the Placing Shares:-

Subscribing persons	Identification No./ Registered office or address (in the case of an individual)	Ultimate beneficial owner (in the case of corporation only)	Number of the Placing Shares proposed to subscribe
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]

Yours faithfully,

Get Nice Securities Limited

ANNEXURE A
ANNOUNCEMENT

Draft 01.09.2009

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

R13.52
Note 5

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Sewco International Holdings Limited.

R13.51A

[logo]
**SEWCO INTERNATIONAL
HOLDINGS LIMITED**

*(Incorporated in Bermuda
with limited liability)
(Stock code : 209)*

RIGHT PERFECT LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

R13.28(1)

R13.51(A)

JOINT ANNOUNCEMENT

(1) "BEST EFFORTS" PLACING OF SHARES UNDER GENERAL MANDATE AND (2) RESUMPTION OF TRADING IN THE SHARES OF SEWCO INTERNATIONAL HOLDINGS LIMITED

On 1 September 2009, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to procure, on a best efforts basis, subscribers to subscribe for up to 89,084,000 Placing Shares at the Placing Price within the Placing Period. Pursuant to the Placing Agreement, the Placing Shares will be placed by the Placing Agent in a single tranche.

The Placing Shares which are to be issued pursuant to the General Mandate represent approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares.

The Placing Agent has undertaken to use all reasonable endeavours to ensure that (i) the Placees and their ultimate beneficial owners are Independent Third Parties and are not

Connected Persons of the Company; (ii) the Placees are not persons acting in concert with Mr. Suen Cho Hung, Paul, Right Perfect or their respective associates (as defined in the Takeovers Code); and (iii) the Placees do not hold, directly or indirectly, any Shares prior to the Placing.

The estimated maximum net proceeds from the issue of the Placing Shares will be approximately HK\$[42.5] million, which will be applied for working capital [and for opportunistic investments if suitable opportunities to do so arise in the future]. Investors should note that the Placing is on a "best-efforts" basis and there is no certainty as to the amount of funds (if any) that will in fact be raised or the timing of the availability of such funding.

Resumption of trading in the Shares

Trading in the Shares has been suspended with effect from 9:30 a.m. on 2 September 2009 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on [3] September 2009.

Warning: The Placing may or may not be completed to their fullest extent. Shareholders and investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE PLACING AGREEMENT

The Company and the Placing Agent entered into the Placing Agreement dated 1 September 2009 to effect the Placing on terms set out below.

R13.52
Note 5

Date : 1 September 2009

Parties

Issuer : the Company
Placing Agent : Get Nice Securities Limited

R13.28(10)

To the Directors' best knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company and are independent from and not connected with the Company and its Connected Persons.

Securities to be placed

R13.28(2)

Up to 89,084,000 Placing Shares to be placed by the Placing Agent in a single tranche. The maximum number of Placing Shares represents approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares.

The Placing Shares will, when issued and fully paid, rank pari passu in all respects with the Shares then in issue.

R13.28(4)

Placing price

The Placing Price of HK\$0.49 per Placing Share represents:

- (i) a discount of approximately 19.67% to the closing price of the Shares of HK\$0.61 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 3.92% to the average closing price of the Shares of approximately HK\$0.51 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 10.11% over the average closing price of the Shares of approximately HK\$0.445 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The net Placing Price is approximately HK\$[0.477] per Placing Share.

R13.28(5)

[The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares.]

R13.28(6)

Placing Commission

2% of the gross proceeds of the Placing.

Placees

The Placing Agent shall procure, on a best efforts basis, not less than six Placees, being individuals, institutional or other professional investors, to subscribe for the Placing Shares within the Placing Period. The Placing Agent has undertaken to use all reasonable endeavours to ensure that (i) the Placees and their ultimate beneficial owners are Independent Third Parties and are not Connected Persons of the Company; (ii) the Placees are not persons acting in concert with Mr. Suen Cho Hung, Paul, Right Perfect or their respective associates (as defined in the Takeovers Code); and (iii) the Placees do not hold,

R13.28(7)

directly or indirectly, any Shares prior to the Placing. Further announcement will be made upon completion of the Placing.

General Mandate

The Placing Shares are to be issued pursuant to the General Mandate pursuant to which the Directors have been given general authority to issue and allot or otherwise deal with up to 89,086,000 new Shares. As at the date of this joint announcement, no Shares have been issued and allotted pursuant to the General Mandate.

R13.28(11)
R13.28(12)

Conditions precedent to the Placing

R13.28(14)

Completion of the Placing is conditional upon (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) the approval for the listing of, and permission to deal in, the Placing Shares; and (ii) the SFC granting a waiver under Note 1 to Rule 4 of the Takeovers Code. If the conditions above are not fulfilled on or before 30 September 2009 (or such later date as may be agreed between the Placing Agent and the Company), then the obligations of respective parties in respect of the Placing shall lapse.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

In light of the Offer, the Placing is considered a frustrating action under Rule 4 of the Takeovers Code and is generally subject to Shareholders' approval. Right Perfect [has consented] in writing to the issue of the Placing Shares and the Company [has applied] for a waiver from the requirement for the Company to obtain Shareholders' approval in general meeting in relation to the Placing pursuant to Note 1 to Rule 4 of the Takeovers Code.

R13.28(15)

Completion of the Placing

Completion of the Placing is to take place on the second Business Day after the fulfilment of the conditions precedent to the Placing.

REASONS FOR THE PLACING

[If successful, the Placing not only will enlarge the shareholder and capital base of the Company, it will provide more immediate capital to the Company (than the proposed placing and subscription of convertible bonds already announced in the Offer Announcement).]

R13.28(6)

[The maximum gross proceeds from the Placing will be approximately HK\$43.65 million. R13.28(3)
The Company plans to use the estimated maximum net proceeds of approximately HK\$[42.5] million from the issue of the Placing Shares for working capital.]

The Directors consider that the Placing are in the interests of the Company and the Shareholders as a whole and the terms of the Placing Agreement are fair and reasonable.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

R13.28(9)

Save as disclosed below, the Group has not carried out any equity securities fund raising exercise during the past 12 months immediately preceding the date of this joint announcement.

In the Offer Announcement, the Company announced the proposed issue of up to HK\$250 million in aggregate principal amount of convertible bonds pursuant to a placing agreement and a subscription agreement. The initial condition precedents for such placing and subscription have not yet been fulfilled and accordingly, no funds have as yet been raised by the Company pursuant to those agreements.

SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this joint announcement and (ii) assuming the maximum number of Placing Shares are issued:

	As at the date of this joint announcement		Immediately after the issue of the maximum number of Placing Shares	
	Shares	%	Shares	%
Controlling Shareholder:				
Right Perfect	300,000,000	67.35	300,000,000	56.13
Public Shareholders:				
Placees	-	-	89,084,000	16.67
Other Public Shareholders	145,430,000	32.65	145,430,000	27.21
Total	445,430,000	100.00	534,514,000	100.00

Note: The shareholding table above has not taken into account the results of the Offer to be made by Right Perfect as disclosed in the Offer Announcement and assumes no changes to the share capital of the Company (except pursuant to the Placing) or holdings of shares of the persons named.

THE OFFER

[Right Perfect will extend the Offer to all Shareholders (including holders of the Placing Shares successfully placed by the Placing Agent), subject to the laws and regulations of the respective jurisdictions at which they are located. The offer document and the offeree board circular in relation to the Offer and the related form of acceptance will be sent to all Shareholders (including holders of the Placing Shares successfully placed by the Placing Agent) in accordance with the Takeovers Code.]

Taifook Capital Limited, the financial adviser to Right Perfect in respect of the Offer, is satisfied that sufficient financial resources are available to Right Perfect to satisfy acceptances in full of the Offer (including the Placing Shares successfully placed by the Placing Agent).

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code) of the Company and Right Perfect are hereby reminded to disclose their dealings in the securities (within the meaning of the Takeovers Code) of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries
Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Placing may or may not be completed to their fullest extent. Shareholders and investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares has been suspended with effect from 9:30 a.m. on [2 September] 2009 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on [3] September 2009.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

- “acting in concert” has the meaning ascribed thereto in the Takeovers Code
- “associate(s)” unless otherwise defined, has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors
- “Business Day(s)” means a day (other than a Saturday, Sunday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
- “Company” Sewco International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
- “Connected Person(s)” has the meaning ascribed to it under Rule 1.01 and as extended by Rule 14A.11 of the Listing Rules
- “Director(s)” director(s) of the Company
- “Executive” the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the

Executive Director

“General Mandate”	the general authority to issue, allot and otherwise deal with new Shares of the Company granted to the Directors by resolution of the Shareholders in general meeting passed on 12 June 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party/parties who, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, is independent of and not connected with any of the Director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associate(s)
“Last Trading Day”	1 September 2009, being the last full trading day before trading of the Shares was suspended pending the release of this joint announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	possible offer as referred to the Offer Announcement
“Offer Announcement”	the joint announcement dated 24 August 2009 by the Company and Right Perfect
“Placing”	the best efforts placing of the Placing Shares in accordance with the terms and conditions of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a corporation licensed to carry out types 1 (dealing in securities), 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 1 September 2009 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period of five Business Days from (and including) the

	date of the Placing Agreement
"Placing Price"	HK\$0.49, being the price payable for the subscription of each Placing Shares
"Placing Share(s)"	up to 89,084,000 new Shares to be placed by the Placing Agent under the Placing
"Placees"	subscribers of the Placing Shares to be procured by the Placing Agent under the Placing
"Right Perfect"	Right Perfect Limited, a company incorporated in the British Virgin Islands
"SFC"	Securities and Futures Commission
"Share(s)"	ordinary share(s) of HK\$0.1 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By order of the Board
Sewco International Holdings Limited
 Ms. Cheung Yan, Priscilla
 Chairman

By order of the sole director of
Right Perfect Limited
 Mr. Suen Cho Hung, Paul
 Sole Director

Hong Kong, [2] September 2009

As at the date of this joint announcement, the Board comprises four executive Directors, namely Ms. Cheung Yan, Priscilla (Chairman of the Board), Ms. Cheung Man, Catherine, Mr. Hui Kwok Chu (Chief Executive Officer) and Mr. Sham Lok Shing, Edward; and three independent nonexecutive Directors, namely Ms. Cynthia Law, Mr. Lam Chin Fung and Mr. Tse Wei Kin.

R2.14

As at the date of this joint announcement, the sole director of the Offeror is Mr. Suen Cho Hung, Paul.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to (i) Right Perfect and (ii) the Offer), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

The sole directors of Right Perfect accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to (i) the Group and (ii) the Placing), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.

