
UNDERWRITING

UNDERWRITERS

Placing Underwriter

DBS Asia

Public Offer Underwriters

DBS Asia

DBS Vickers (Hong Kong) Limited

KGI Asia Limited

Kingsway SW Securities Limited

Phillip Securities (HK) Ltd.

Phoenix Capital Securities Ltd.

Tartan Securities (Asia) Ltd.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the Public Offer Shares under the Public Offer at the Offer Price for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the application forms relating thereto. The Company is also offering the Placing Shares under the Placing at the Offer Price for subscription by professional, institutional and individual investors pursuant to the terms and conditions of this prospectus. In addition, the Company has granted the Over-allotment Option, exercisable by DBS Asia (in its capacity as the lead manager of the New Issue), from time to time during a period of 30 days from the date of this prospectus to require the Company to allot and issue an aggregate of up to 24,000,000 additional Shares, representing 15% of the Shares initially available under the New Issue, on the same terms as those applicable to the Placing to cover over-allocations in the Placing.

Subject to, inter alia, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on or before 11 July, 2002, or such later date as the Company and DBS Asia (for itself and on behalf of the Underwriters) may agree, (i) the Placing Underwriter agreed to subscribe for or purchase or procure places to subscribe for or purchase, subject to the terms and conditions of the Underwriting Agreement, the Placing Shares under the Placing and (ii) the Public Offer Underwriters have severally agreed to subscribe for or procure applicants to subscribe for, on the terms and conditions of this prospectus and the application forms relating thereto, their respective applicable proportions of the Public Offer Shares which are not taken up under the Public Offer.

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Grounds for termination

The respective obligations of the Underwriters to subscribe for or purchase or procure subscribers or purchasers for the Offer Shares are subject to termination and the Underwriters are entitled to terminate their obligations under the Underwriting Agreement upon the occurrence of any of the following events by notice in writing to the Company given by DBS Asia (for itself and on behalf of the Underwriters) at any time prior to 6:00 p.m. (Hong Kong time) on the day immediately preceding the day on which dealings in the Shares on the Main Board first commence (the “Termination Time”) if prior to the Termination Time:—

- (1) there comes to the notice of DBS Asia any matter or event showing any of the representations, warranties or undertakings contained in the Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the warranties or any other provisions of the Underwriting Agreement which, in any such cases, is considered, in the sole opinion of DBS Asia, to be material in the context of the New Issue; or
- (2) any statement contained in this prospectus and the application forms relating thereto has become or been discovered to be untrue, incorrect or misleading in any material respect; or
- (3) any event, series of events, matters or circumstances occurs or arises on or after the date of the Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue, incorrect or misleading in any respect, and comes to the knowledge of DBS Asia and which is considered, in the sole opinion of DBS Asia, to be material in the context of the New Issue; or
- (4) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole opinion of DBS Asia, a material omission in the context of the New Issue, or
- (5) any event, act or omission which gives or is likely to give rise to any liability of the Company and any of the substantial shareholders (as defined in the Listing Rules) of the Company arising out of or in connection with any representations, warranties or undertakings contained in the Underwriting Agreement: or
- (6) there comes to the notice of DBS Asia any breach by any party to the Underwriting Agreement other than the Underwriters of any provision of the Underwriting Agreement which, in the sole opinion of DBS Asia, is material; or

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- (7) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (a) any new law, or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Bermuda, BVI, the PRC or any other relevant jurisdiction relevant to the Group; or
 - (b) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, Bermuda, BVI, the PRC or other jurisdiction relevant to the Group, the local, national or international financial, currency, political, military, industrial, economic, stock market or other market conditions; or
 - (c) any change in the conditions of Hong Kong, the PRC or international equity securities or other financial markets; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the New York Stock Exchange, NASDAQ, the London Stock Exchange or the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, Bermuda, BVI, the PRC or other jurisdiction relevant to the Group; or
 - (f) any change or prospective change in the business or in the financial or trading position of the Group; or
 - (g) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US or by the European Union (or any member thereof) on Hong Kong or the PRC; or
 - (h) a general moratorium on commercial banking activities in New York, London or Hong Kong declared by the relevant authorities; or
 - (i) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
 - (j) any other change which is ejusdem generis with any of the foregoing,

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which, in the sole opinion of DBS Asia (for itself and on behalf of the other Underwriters):

- (i) is or will be, or is likely to be, adverse, in any material respect, to the business, financial or other condition or prospects of the Group taken as a whole or, in case of subparagraph (e) above, on any present or prospective shareholder in his/its capacity as such shareholder of the Company; or
- (ii) has or will have or is likely to have a material adverse effect on the success of the Public Offer and/or the Placing or the level of the New Shares being applied for or accepted or the distribution of the Offer Shares; or
- (iii) for any reason makes it impracticable, inadvisable or inexpedient to proceed with the Public Offer and/or the Placing.

For the above purpose:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or a devaluation of the RMB against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (ii) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Commissions and expenses

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the New Shares, out of which they will pay any sub-underwriting commissions, and DBS Asia will also receive a financial advisory and documentation fee. Such fee and the underwriting commission, together with the Stock Exchange listing fees, legal and other professional fees, printing, and other expenses relating to the New Issue, which are estimated to be approximately HK\$20.8 million in aggregate, and will be payable by the Company.

Undertakings

The Substantial Shareholders have given certain undertakings to the Company and DBS Asia (for itself and on behalf of the Underwriters). Particulars of these undertakings are contained in the section headed “Substantial Shareholders and Undertakings” in this prospectus.

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The Company has undertaken to DBS Asia (for itself and on behalf of the Underwriters) that, and the Substantial Shareholders have undertaken to DBS Asia (for itself and on behalf of the Underwriters) to procure that, without the prior written consent of DBS Asia (for itself and on behalf of the Underwriters) and subject always to the requirements of the Stock Exchange, save for the New Shares and the Shares to be issued pursuant to the Capitalisation Issue, any options which may be granted under the Share Option Scheme, any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme, or otherwise than by way of scrip dividend schemes or similar arrangements in accordance with the Bye-laws, none of Inni International, the Company nor any of its subsidiaries shall (i) allot and issue or agree to allot and issue any shares in Inni International, the Company or any subsidiary of the Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of Inni International, the Company or any subsidiary of the Company during the First Six-Month Period; or (ii) allot and issue or agree to allot and issue any of the shares or other interests referred to in (i) above during the second six-month period commencing immediately after the expiry of the First Six-Month Period if, immediately following such allotment and issue, any of the Substantial Shareholders, either individually or taken together with the other, would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or Mr. and Mrs. Cheok would cease to be the shareholders of Inni International; or (iii) during the First Six-Month Period purchase any Shares or securities of the Company.

INTEREST OF DBS ASIA IN THE COMPANY

Save for (i) the financial advisory and documentation fee and the underwriting commission payable to DBS Asia as sponsor for the listing of the Shares on Main Board and the lead manager of the New Issue, respectively; (ii) the interests, rights and obligations of DBS Asia and its affiliates under the Underwriting Agreement; (iii) the fees receivable by certain affiliates of DBS Asia, being licensed banks in Hong Kong, for the provision of banking facilities to members of the Group upon normal commercial terms in its ordinary and usual course of business; (iv) the fees received by affiliates of DBS Asia, being securities dealers and investment advisers in Singapore, for the provision of financial advice; and (v) the interests, rights and obligations of DBS Asia under the Stock Borrowing Agreement, none of DBS Asia or its associates has, or may as a result of the New Issue have, any shareholding interests in any class of securities of any member of the Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or nominate persons to subscribe for or purchase securities in any member of the Group nor has any interest in the New Issue.

No director or employee of DBS Asia who is involved in providing advice to the Company has or may have any interest in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the New Issue or upon exercise of the Over-allotment Option).

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Save as disclosed above, neither DBS Asia nor its associates has accrued any material benefit as a result of the successful outcome of the New Issue, including, for example, the repayment of material outstanding indebtedness or success fees.

No director or employee of DBS Asia has a directorship in the Company or any other company in the Group.

UNDERWRITERS' INTEREST IN THE COMPANY

Save as disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any member of the Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of the Group nor any interest in the New Issue.