

## UNDERWRITERS

### Public Offer Underwriters

Cazenove Asia Limited

First Shanghai Securities Limited

The Hongkong and Shanghai Banking Corporation Limited

Nomura International (Hong Kong) Limited

China Everbright Capital Limited

Guotai Junan Securities (Hong Kong) Limited

Ka Wah Capital Limited

SinoPac Securities (H.K.) Limited

UOB Asia (Hong Kong) Limited

### Placing Underwriters

Cazenove Asia Limited

First Shanghai Securities Limited

The Hongkong and Shanghai Banking Corporation Limited

Nomura International (Hong Kong) Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Company is offering the Public Offer Shares for subscription by way of Public Offer on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares (subject only to allotment and/or despatch of share certificates) on or before the third Business Day following the date on which the application list closes (or such later date as Cazenove (on behalf of the Public Offer Underwriters) may agree) and such listing and permission not subsequently being revoked; (b) certain other conditions set out in the Public Offer Underwriting Agreement (including but not limited to the Offer Price being agreed between the Company (for itself and on behalf of the Vendor) and Cazenove (on behalf of the Underwriters)); and (c) the Placing Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with its terms (save

as regards any condition relating to the Public Offer Underwriting Agreement having become unconditional) and not having been terminated in accordance with its terms or otherwise, prior to 18th July, 2002, the Public Offer Underwriters have severally agreed to apply or procure applications for, on the terms and conditions of this prospectus and the Application Forms, their respective applicable proportions of the Public Offer Shares now being offered and which are not taken up under the Public Offer.

### **Grounds for termination**

**The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares will be subject to termination by notice in writing from Cazenove (on behalf of the Public Offer Underwriters) if any of the following events occur prior to 8:00 a.m. on Wednesday, 26th June, 2002, being the third Business Date following the date on which the application list closes or, if later, 8:00 a.m. on the Business Day before the day the Shares commence trading on the Stock Exchange:**

- (a) (1) there is any change or prospective change in the business or in the financial or trading position of any member of the Group or the Group taken as a whole;**
- (2) any event or series of events resulting or likely to result in any change or development of local, national or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory, equity or other financial market or other conditions, circumstances or matters (including without limitation any moratorium on, suspension or material restriction of commercial banking activities or trading in securities on the Stock Exchange) shall have occurred, happened or come into effect; or**
- (3) any new law or regulation or change (whether or not forming part of a series of changes) in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction shall have been introduced or effected; or**
- (4) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) in the Cayman Islands, Hong Kong, the PRC, the British Virgin Islands or elsewhere; or**
- (5) any event, act or omission which gives rise or is likely to give rise to any material liability of the Company pursuant to the indemnities contained in the Public Offer Underwriting Agreement; or**
- (6) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation on the Cayman Islands, Hong Kong, the PRC, the British Virgin Islands or any other jurisdiction relevant to the Group or any member of the Group; or**

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- (7) any event, or series of events, beyond the control of the Public Offer Underwriters (including without limitation, any act of God, acts of government, war, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic, terrorism, strike or lockout) shall have occurred, happened or come into effect; or**
- (8) there is, in the sole and absolute opinion of Cazenove, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States; or**
- (9) there is, in the sole and absolute opinion of Cazenove, a change in the exchange rate between the United States dollars and the Renminbi, or between Hong Kong dollars and the Renminbi; or**
- (10) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity which demand has or could be expected to have a material adverse effect on the Group taken as a whole; or**
- (11) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which has or could be expected to have a material adverse effect on the Group taken as a whole; or**
- (12) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group,**

**which in the sole and absolute opinion of Cazenove:**

- (i) is or will or is likely to be materially adverse to the business, financial or trading position or prospects of the Group or, in the case of paragraph (a)(4) above, to any present or prospective shareholders in his capacity as such; or**
- (ii) has or will or is likely to have a material adverse effect on the success of the Public Offer, the Placing or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or**
- (iii) makes it inadvisable or inexpedient to proceed with the Public Offer, the Placing or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or**

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- (b) any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:
- (i) any of the warranties given by the warrantors under the Public Offer Underwriting Agreement was untrue, inaccurate or misleading in any respect when given or repeated and which is considered by Cazenove in its sole and absolute opinion to be materially adverse in the context of the Public Offer and Placing, or that any of the warrantors is in breach of any provision of the Public Offer Underwriting Agreement;
  - (ii) any statement contained in this prospectus is discovered to be untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if this prospectus was to be issued at that time, constitute an omission therefrom and is considered by Cazenove in its sole and absolute opinion to be material in the context of the Public Offer and the Placing;
  - (iii) there has been a breach on the part of the Company of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, and such breach is considered by Cazenove in its sole and absolute opinion to be materially adverse in the context of the Public Offer and the Placing.

### The Placing Underwriting Agreement

In connection with the Placing, it is expected that the Company, among others, will enter into the Placing Underwriting Agreement with the Placing Underwriters. Under the Placing Underwriting Agreement, subject to the conditions set out therein, the Placing Underwriters would severally agree to procure applicants to subscribe for or purchase or, failing which, to subscribe for or purchase by themselves as principal the Placing Shares being offered pursuant to the Placing which are not taken up under the Placing. It is also expected that the Placing Underwriting Agreement may be terminated upon similar grounds as the Public Offer Underwriting Agreement described above.

The Company and the Vendor intend to grant to the Placing Underwriters the Over-allotment Option exercisable by Cazenove on behalf of the Placing Underwriters to require the Company to allot and issue up to an aggregate of 33,000,000 additional new Shares and, in the case of the Vendor, to sell up to an aggregate of 3,300,000 Shares (made in pursuance of the Provisional Administrative Measures for State-owned Share Reduction), the total of such Shares representing about 15% of the Shares initially offered under the Share Offer, solely to cover over-allocations in the Placing, if any. The Over-allotment Option will expire on the date which is 30 days from the date of this prospectus. Please refer to the paragraph headed "Over-allotment Option" in the section headed "Structure and conditions of the Share Offer" of this prospectus for further details.

### UNDERTAKINGS

Each of CEDF (Brewery) and HBF (BVI), being the Controlling Shareholders, has undertaken to the Company and the Public Offer Underwriters that:

- (a) it will comply with all the applicable restrictions and requirements under the Listing Rules on the disposal by it, or by any registered holder on its behalf, of any Shares or other securities of the Company in respect of which it is shown in this prospectus to be the beneficial owner;
- (b) save for the sale of the Sale Shares by HBF (BVI) and save in connection with the securities lending arrangement entered or to be entered into between CEDF (Brewery) and Cazenove, neither it nor any of its associates (as defined in the Listing Rules) or companies controlled by it has any present intention of disposing of any Shares or other securities of the Company in respect of which it is shown in this prospectus to be the beneficial owner (or any beneficial interest therein);
- (c) save for the sale of the Sale Shares by HBF (BVI) and save in connection with the securities lending arrangement described under “Stabilisation” in the section headed “Structure and conditions of the Share Offer” and without the prior written consent of Cazenove (on behalf of the Public Offer Underwriters) and subject always to the provision of the Listing Rules, it will not, directly or indirectly, and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any charges, pledges or encumbrances over) any of the Shares or any securities which are of the same class as, or convertible or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisitions or ownership of such Shares, in respect of which it is the beneficial owner (directly or indirectly) and/or which are registered in its name from the date of Public Offer Underwriting Agreement up to and including the date falling twelve months from the commencement of dealings in the Shares on the Stock Exchange (the “First Twelve Months”),

and each of Kwok Nea and CEDF has undertaken to the Company and the Public Offer Underwriters to procure that CEDF (Brewery) and HBF (BVI) will comply with the above undertakings.

Each of the Controlling Shareholders has undertaken to the Company and each of the Public Offer Underwriters that it shall (and each of Kwok Nea and CEDF has undertaken to the Company and the Public Offer Underwriters to procure that each of the Controlling Shareholders shall) within the First Twelve Months: (i) if and when it pledges or charges any securities in the Company beneficially owned by it, immediately inform the Company and Cazenove on behalf of the Public Offer Underwriters in writing of such pledge or charge together with the number of such securities so pledged or charged; and (ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any securities in the Company pledged or charged by it will be disposed of, immediately inform the Company

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and Cazenove on behalf of the Underwriters in writing of such indications. The Company will notify the Stock Exchange as soon as practicable after it is informed by CEDF (Brewery) and HBF (BVI) of any of the above matters and will disclose such matters by way of public announcement(s) in accordance with the Listing Rules as soon as practicable.

The Company has undertaken to the Underwriters that except pursuant to the Public Offer, the Placing (including the Over-allotment Option), the Capitalisation Issue, the Convertible Notes and the exercise of the subscription rights attaching to the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme, it will not without the prior written consent of Cazenove, for itself and on behalf of the Underwriters (such consent not to be unreasonably withheld or delayed) and subject always to the provisions of the Listing Rules, offer, allot or issue, or agree to allot or issue, purchase, grant or agree to grant any option, right or warrant over, or otherwise dispose of, either directly or indirectly, conditionally or unconditionally any Shares or any securities convertible into or exercisable or exchangeable for such Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription for such Shares or of ownership of such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise or announce any intention to do so within the First Twelve Months.

### COMMISSION AND EXPENSES

The Public Offer Underwriters will receive from the Company an underwriting commission calculated at the rate of 2.5% of the aggregate Offer Price of the Public Offer Shares. The aggregate underwriting commission payable by the Company in respect of the Share Offer is currently estimated to be approximately HK\$12.5 million. The Sponsors will, in addition, receive an advisory and documentation fee as the Sponsors to the Share Offer, such fee together with the Stock Exchange listing fees, the Stock Exchange trading fee, SFC transaction levy, brokerage, legal and other professional fees, printing and other expenses relating to the Share Offer (which will be borne by the Company and the Vendor in proportion to the number of Shares offered by the Company and the number of Shares sold by the Vendor under the Share Offer) are currently estimated to be approximately HK\$48.7 million in aggregate. The estimated commission and expenses stated above assume an Offer Price of HK\$1.485 (being the mid-point of the stated range of the Offer Price of between HK\$1.38 and HK\$1.59 per Share) and the Over-allotment Option is not exercised.

### UNDERWRITERS' INTERESTS IN THE COMPANY

Save as disclosed in the paragraph headed "Sponsors' interests in the Company" below and as contemplated under the Underwriting Agreements, as at the Latest Practicable Date, none of the Underwriters are interested directly or indirectly in any shares or any securities in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, shares or any securities in any member of the Group.

### SPONSORS' INTERESTS IN THE COMPANY

Save as pursuant to the Underwriting Agreements and as disclosed herein, none of the Sponsors, or any of their associates are interested, directly or indirectly, in any shares in any member of the Group or have any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares or securities in any member of the Group.

No director or employee of the Sponsors who is involved in providing advice to the Company has or may, as a result of the Share Offer, have any interest in any class of securities of the Company or any other member of 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 of the Sponsors pursuant to the Share Offer).

None of the Sponsors or their respective associates have accrued any material benefit as a result of the successful outcome of the Share Offer, including by way of example, the repayment of material outstanding indebtedness or success fees, other than the following:

- (i) by way of underwriting and placing commission to be paid to Cazenove and First Shanghai Securities Limited, a fellow subsidiary of First Shanghai, for acting as two of the Underwriters pursuant to the Underwriting Agreements;
- (ii) the advisory and documentation fees to be paid to the Sponsors; and
- (iii) certain associates of the Sponsors, whose ordinary business involves the trading of and dealing in securities, may be involved in the trading of and dealing in the securities in the Company.

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