

# UNDERWRITING

## UNDERWRITERS

### Placing Underwriters

Quam Securities Company Limited  
BCOM Securities Company Limited  
China Everbright Securities (HK) Limited  
G.K. Goh Securities (H.K.) Limited  
SBI E2-Capital Securities Limited  
Tai Fook Securities Company Limited

### Public Offer Underwriters

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BCOM Securities Company Limited  
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G.K. Goh Securities (H.K.) Limited  
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Tai Fook Securities Company Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Underwriting Agreement

Pursuant to the Underwriting Agreement, we are offering the Offer Shares for subscription by way of the Public Offer and the Placing in Hong Kong, subject to the terms and conditions of this prospectus and the related application forms.

Subject to, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein on or before 28 July 2005: (i) the Public Offer Underwriters have severally agreed to subscribe, or to procure subscribers to subscribe, for the Public Offer Shares now being offered for subscription but are not taken up at the Offer Price; and (ii) the Placing Underwriters have severally agreed to subscribe, or procure places to subscribe, for the Placing Shares at the Offer Price.

### Grounds for termination

The obligations of the Underwriters to subscribe or procure subscribers for the Offer Shares are subject to termination by notice in writing from the Lead Manager (for itself and on behalf of the Underwriters) if any of the following events occurs at any time prior to 5:00 p.m. on the day immediately preceding the Listing Date:

1. there should develop, occur, exist or come into effect in any of the following:
  - (i) any material adverse change in the business or in the financial or trading position of the Group; or

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- (ii) any acts of God, acts of government, acts of war, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic, acts of terrorism, strike or lock-out, which in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Underwriters) (a) is or will or is likely to be materially adverse to the business, financial condition or prospects of the Group; or (b) has or will have or is likely to have a material adverse effect on the level of the Offer Shares being applied for or accepted or the distribution of the Offer Shares and which may materially and adversely affect the success of the Share Offer; or (c) for any reason makes any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of the applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or
  - (iii) any material adverse change (whether permanent or not) in local, national, international, financial, economic, stock market, political, military, industrial, fiscal, exchange control (or the implementation of any exchange control or any material adverse change in the rate of exchange between the Hong Kong dollars and the US dollars), regulatory or market conditions or sentiments and matters and/or disasters (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange) which in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Underwriters) would or is likely to materially and adversely affect the success of the Share Offer or is inappropriate, inadvisable or inexpedient to proceed with the Share Offer; or
  - (iv) any new law or regulation or material change in existing laws or regulations or any material change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the BVI, the Cayman Islands, the PRC or any other jurisdiction relevant to the Group or any similar event which in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Underwriters) has and is likely to have a material adverse effect on the business or financial condition or prospects of the Group or which may be expected to materially adversely affect the business or financial condition or prospects of the Group and which may materially and adversely affect the success of the Share Offer; or
2. there comes to the notice of the Lead Manager (for itself and on behalf of the Underwriters) that:
- (i) any statement contained in this prospectus or the related application forms has become or been discovered to be untrue, incorrect or misleading in any material respect; or

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- (ii) any matter, event, series of events or circumstances showing any of the representations, warranties or undertakings contained in the Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a material breach of any of the representations, warranties or undertakings or any other provisions in the Underwriting Agreement which is considered in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Underwriters) to be material in the context of the Share Offer and which may materially and adversely affect the success of the Share Offer; or
- (iii) any event, or series of events which in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Underwriters) has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of subscriptions and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

### Undertakings

Each of the Covenantors has jointly and severally undertaken to and covenanted with the Company, the Joint Sponsors, the Lead Manager and each of the Underwriters that, among other matters:

- (a) he or it shall not, and shall procure that none of his or its associates, nominees or trustees holding in trust for him or it shall, at any time during a period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (both dates inclusive) (the “**First Six-Month Period**”), sell, transfer or otherwise dispose of, nor enter into any agreement to sell, transfer or otherwise dispose of (including without limitation, the creation of any options, rights, interests or encumbrances in respect of), any of the Shares beneficially owned by him or it as disclosed in this prospectus (or any other shares or securities of the Company arising or deriving therefrom), or any interest therein, owned by him or it or any of his or its associates or any company controlled by him or it directly or indirectly immediately after completion of the Share Offer and the Capitalisation Issue (the “**Relevant Securities**”), or sell, transfer or otherwise dispose of or permit to be sold, transferred or disposed of (including without limitation, the creation of any options, rights, interests or other encumbrances in respect of), any interest in any shares in any company controlled by him or it which is, directly or indirectly, the beneficial owner of any of the Relevant Securities, provided that the foregoing restriction shall not apply to any Shares which he or it or any of his or its associates or any company controlled by him or it may acquire or become interested in following the Listing Date and provided always that any such acquisition would not result in any breach of Rule 8.08 of the Listing Rules;

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- (b) he or it shall not, and shall procure that none of his or its associates, nominees or trustees holding in trust for him or it shall, at any time during the six-month period commencing on and including the date immediately following the expiry of the First Six-Month Period (both days inclusive) (the “**Second Six-Month Period**”), sell, transfer or otherwise dispose of, nor enter into any agreement to sell, transfer or otherwise dispose of (including without limitation, the creation of any options, rights, interests or encumbrances in respect of), any of the Relevant Securities, or sell, transfer or otherwise dispose of or permit to be sold, transferred, or disposed of (including without limitation, the creation of any options, rights, interests or encumbrances in respect of), any interest in any shares in any company controlled by him or it which is, directly or indirectly, the beneficial owner of any of the Relevant Securities if, immediately following such sale, transfer or disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it either individually or taken together with all of their respective associates would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company, provided that (i) no such sale, transfer or otherwise disposal of the Relevant Securities shall be effected at the effective price which is less than the aggregate Offer Price of such Relevant Securities unless prior written consent of the Lead Manager (for itself and on behalf of the Underwriters) (which consent shall not be unreasonably withheld) shall have been obtained, and (ii) the foregoing restriction shall not apply to any Shares which he or it or any of his or its associates or any company controlled by him or it may acquire or become interested in following the Listing Date and provided always that any such acquisition would not result in any breach of Rule 8.08 of the Listing Rules; and
- (c) in respect of any such sale, transfer or disposal of the Relevant Securities within the Second Six-Month Period contemplated in (b) above, all reasonable steps shall be taken to ensure that any such sale, transfer or disposal will not create a disorderly or false market for the Shares after such sale, transfer or disposal; and he or it shall, and shall procure that his or its associates shall, comply with all restrictions and requirements under the Listing Rules (or any replacement thereof or amendment thereto) on the sale, transfer or disposal by him or it or by the registered holder of any Shares or other securities of the Company.

Nothing in (a) and (b) above shall prevent the Covenantors from charging or pledging any direct or indirect interest in the Relevant Securities or in any share in any company controlled by him or it which is the beneficial owner of the Relevant Securities in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan during the First Six-Month Period and the Second Six-Month Period, save with the prior written consent of the Lead Manager (for itself and on behalf of the Underwriters) (which consent shall not be unreasonably withheld) but each of the Covenantors has jointly and severally undertaken to and covenanted with the Company, the Joint Sponsors, the Lead Manager and the Underwriters and each of them that within the First Six-Month Period and the Second Six-Month Period,

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he or it shall (a) if and when he or it or his or its nominee or trustee holding in trust for him or it charges, pledges or otherwise creates encumbrances over any securities or interests in the securities of the Company beneficially owned or controlled by him or it, whether directly or indirectly in favour of such authorised institution, immediately inform the Company, the Joint Sponsors and the Lead Manager (for itself and on behalf of the Underwriters) of such pledges, charges or encumbrances together with details of such pledges, charges or encumbrances including the number and class of securities subject to the pledges, charges or encumbrances; and (b) upon receiving any indications, either verbal or written, from the pledgee, chargee or encumbrancer that any of the pledged, charged or encumbered securities or interests in the securities of the Company will be disposed of, immediately inform the Company, the Joint Sponsors and the Lead Manager (for itself and on behalf of the Underwriters) details of such indications. The Company has undertaken to and covenanted with the Joint Sponsors and the Lead Manager (for itself and on behalf of the Underwriters) to immediately inform the Stock Exchange of the matters referred to in this paragraph and publish a press announcement thereof immediately upon being informed of such matters in compliance with all the requirements of the Listing Rules.

Each of the Company, the Covenantors and the other executive Directors has jointly and severally undertaken to the Joint Sponsors and the Lead Manager (for itself and on behalf of the Underwriters) to procure that none of the Company nor any of its subsidiaries from time to time (the “**Subsidiaries**”) shall, subject always to the rules and requirements of the Stock Exchange, save for the Shares to be issued pursuant to the Share Offer, the Capitalisation Issue and upon the exercise of any option granted under the Share Option Scheme or by way of scrip dividend schemes or other similar arrangement in accordance with the Articles, any capitalisation issue, capital reduction or any consolidation or sub-division of Shares, (a) within the First Six-Month Period, issue or agree to issue any shares or other securities in the Company or any of the Subsidiaries or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for any securities of the Company or any of its Subsidiaries; and (b) at any time during the Second Six-Month Period, without the prior written consent of the Lead Manager (for itself, the Joint Sponsors and on behalf of the Underwriters) (which consent shall not be unreasonably withheld), issue or agree to issue any shares or other securities in the Company or any of the Subsidiaries or grant any options or right to subscribe or otherwise convert into or exchange for Shares or securities in the Company or any of its Subsidiaries so as to result in the controlling shareholder(s) of the Company (as defined in the Listing Rules), either individually or taken together with all of their respective associates ceasing to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or the Company ceasing to hold a controlling interest (being an interest of at least 30% or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) in any such Subsidiaries.

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### **Commission, fee and expenses**

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price in accordance with the terms and conditions of the Underwriting Agreement, out of which they will pay any underwriting and sub-underwriting commission. The Joint Sponsors will receive a financial advisory and documentation fee. Such fee and commission, together with the Stock Exchange listing fees and trading fee, the SFC transaction levy and investor compensation levy, legal and other professional fees together with printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$14.9 million in total and are payable by our Company.

### **Underwriters' and Joint Sponsors' interest in our Company**

Save for its obligations under the Underwriting Agreement, none of the Lead Manager, the Underwriters and the Joint Sponsors has any shareholding interest in our Company or any member of our Group or has any right (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

### **COMPLIANCE ADVISER**

Our Company has appointed Quam Capital, in accordance with Rule 3A.19 of the Listing Rules, and Quam Capital has agreed to act as our compliance adviser for a fee and for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Quam Capital is a fellow subsidiary of the Lead Manager.