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## UNDERWRITING ARRANGEMENTS FOR THE SHARE OFFER

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### UNDERWRITERS

#### Placing Underwriters

Tanrich Capital Limited  
Oriental Patron Asia Limited  
Taiwan Securities (Hong Kong) Company Limited  
Core Pacific – Yamaichi International (H.K.) Limited  
First Shanghai Securities Limited  
Sun Hung Kai International Limited  
Tanrich Securities Company Limited  
VC Brokerage Limited  
Watterson Asia Limited

#### Public Offer Underwriters

Tanrich Capital Limited  
Oriental Patron Asia Limited  
Taiwan Securities (Hong Kong) Company Limited  
Core Pacific – Yamaichi International (H.K.) Limited  
First Shanghai Securities Limited  
Prudential Brokerage Limited  
Sun Hung Kai International Limited  
Tanrich Securities Company Limited  
VC Brokerage Limited  
Watterson Asia Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the Public Offer Shares, being 16,800,000 new Shares, for subscription by members of the public in Hong Kong under the Public Offer, subject to the terms and conditions of this prospectus and the application forms relating thereto; and the Placing Shares, being 151,200,000 new Shares, for subscription by professional, institutional and selected private investors under the Placing subject to the terms and conditions of the Placing, in each case, at the Offer Price.

Subject to, among other matters, the Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein on or before 1 December 2005 (or such later date as the Joint Book-runners (for themselves and on behalf of the Underwriters) may agree in writing with the Company), the Placing Underwriters have severally agreed to subscribe for or procure subscribers to subscribe for, subject to the terms and conditions of the Placing, the Placing Shares which are not taken up under the Placing; and the Public Offer Underwriters have severally agreed to subscribe for or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the application forms relating thereto, the Public Offer Shares which are not taken up under the Public Offer.

The Company has granted to the Underwriters a conditional Over-allotment Option, exercisable by Oriental Patron (for itself and on behalf of the Underwriters) to require the Company to allot and issue up to an aggregate of 25,200,000 additional new Shares, such

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Shares representing 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 last day for the lodging of applications under the Public Offer. Please refer to the paragraph headed “Over-allotment Option” in the section headed “Structure and conditions of the Share Offer” in this prospectus for further details.

### **Grounds for termination**

The respective obligations of the Underwriters to subscribe, or procure subscribers to subscribe, 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 the Joint Book-runners (for themselves and on behalf of the Underwriters) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “Termination Time”):–

- there comes to the notice of the Joint Book-runners or any of the Underwriters 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 representations, warranties, undertakings or any other provisions of the Underwriting Agreement which, in any such cases, is considered, in the sole and absolute opinion of the Joint Book-runners (for themselves and on behalf of the Underwriters), to be material in the context of the Share Offer;
- 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 representations, warranties or undertakings contained in the Underwriting Agreement untrue, incorrect or misleading in any respect, and comes to the knowledge of the Joint Book-runners or any of the Underwriters and which is considered, in the sole and absolute opinion of the Joint Book-runners (for themselves and on behalf of the Underwriters), to be material in the context of the Share Offer;
- 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 and absolute opinion of the Joint Book-runners (for themselves and on behalf of the Underwriters), a material omission in the context of the Share Offer;
- any event, act or omission which gives or is likely to give rise to any liability of the Company or any of the executive Directors and the Controlling Shareholders arising out of or in connection with any representations, warranties or undertakings contained in the Underwriting Agreement;
- there comes to the notice of the Joint Book-runners or any of the Underwriters any breach by any party to the Underwriting Agreement other than of the Joint Book-runners or the Underwriters of any provision of the Underwriting Agreement which, in the sole and absolute opinion of the Joint Book-runners (for themselves and on behalf of the Underwriters), is material;
- the Underwriting Agreement is terminated for whatever reason;

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- 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, the Cayman Islands, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other 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, the Cayman Islands, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the Group, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
  - (c) any change in the conditions of the U.S., 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 any of the markets operated by 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, the Cayman Islands, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the Group; or
  - (f) any change or prospective change in the business or in the financial or trading position or prospects of any member of the Group; or
  - (g) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the U.S. 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 the PRC 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, military action, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
  - (j) any other change whether or not ejusdem generis with any of the foregoing,

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which, in the sole and absolute opinion of the Joint Book-runners (for themselves and on behalf of the Underwriters):—

- (a) is or will be or is likely to be adverse, in any material respect, to the Group's business, financial or trading condition or prospects taken as a whole or, in the case of sub-paragraph (e) above, on any present or prospective shareholder in his/its capacity as such shareholder of the Company; or
- (b) has or will have or is likely to have a material adverse effect on the success of the Share Offer as a whole or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the listing on the Main Board; or
- (c) for any reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

### Commissions and expenses

The Underwriters will receive an underwriting commission of 3% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions, and the Joint Sponsors will also receive a financial advisory fee. Such fees, together with the underwriting commission, listing fees, legal and other professional fees, printing, and other fees and expenses relating to the Share Offer, which are estimated to be approximately HK\$14.3 million in aggregate based on the lowest price within the range of the Offer Price between HK\$0.56 and HK\$0.88 per Share, will be payable by the Company. The Company will also pay for all expenses in connection with any exercise of the Over-allotment Option or over-allocation in the Placing.

### Undertakings

Each of the Controlling Shareholders has undertaken to the Company, the Joint Sponsors, the Joint Book-runners and the Underwriters that:

- (1) it/he/she shall not, and shall procure that none of its/his/her associates or the companies controlled by it/him/her or any nominee or trustee holding in trust for it/him/her shall within the period of six months from the Listing Date (the “**First Six Month Period**”), sell, transfer, dispose of or create any right (including without limitation the creation of any option, pledge, charge or other encumbrance or rights) on any of the Shares or any interests therein owned by it/him/her or any of their associates or in which it or he or any of their associates is, directly or indirectly interested immediately after the completion of the Share Offer (or any other shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise), or sell, transfer, dispose of or create any right (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares or interest in any company controlled by it, him or her or any of their associates which is the beneficial owner (directly or indirectly) of any of such Shares or any interests therein as aforesaid (or any other shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise);
- (2) within a further six months commencing on the expiry of the First Six Month Period (the “**Second Six Month Period**”), it/he/she will not, and will procure that none of its/his/her associates or the companies controlled by it/him/her or any of their associates will sell, transfer, dispose of or create any rights (including the creation of

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any option, pledge, charge or other encumbrance or rights) on any Shares or any interests therein referred to in paragraph (1) above or sell, transfer, dispose of or create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares in any company controlled by it/him/her or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid if, immediately following such disposal or creation of rights, any of them (together with its, his or her associates), either individually or taken together with the others, would, directly or indirectly, cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers (“Code”) as being the level for triggering a mandatory general offer), in any of the companies controlled by it/him/her and/or any of their associates which owns such Shares or interests as aforesaid; and

- (3) in the event of any disposal of Shares or any such interests referred to in paragraph (1) above after the First Six Month Period, all reasonable steps will be taken to ensure that such disposal will not create a false or disorderly market in the Shares and such disposal shall comply with all applicable laws, rules and regulations including the requirements under the Listing Rules.

The Company has undertaken to and covenants with the Joint Sponsors, the Joint Book-runners and the Underwriters and each of the Covenantors (as defined in the Underwriting Agreement) has undertaken to and covenanted with the Joint Sponsors, the Joint Book-runners and the Underwriters that it will procure the Company that, save pursuant to the Share Offer, the Capitalisation Issue, the grant of any option under the Share Option Scheme, or the issue of Shares upon exercise of any option granted under the Share Option Scheme or the exercise of the Over-allotment Option (a) within the First Six Month Period, the Company and its major subsidiaries (as defined in Chapter 13 of the Listing Rules) will not, issue or agree to issue (conditionally or unconditionally) any shares or securities of, or grant or agree to grant (conditionally or unconditionally) 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 major subsidiaries (defined as aforesaid); and (b) at any time during the Second Six Month Period, issue or grant (conditionally or unconditionally) any options or right to subscribe for or otherwise convert into or exchange for shares or securities in the Company or any of its major subsidiaries (defined as aforesaid) so as to result in any of the Controlling Shareholders (together with any of their associates) either individually or taken together with the others of them cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Code as being the level for triggering a mandatory general offer in any of the companies controlled by it, him, her or any of their associates which owns any Shares or the Company ceasing to hold a controlling interest of over 30%, directly or indirectly, in any of such major subsidiaries (defined as aforesaid).

### SPONSORS’ AND UNDERWRITERS’ INTEREST IN THE COMPANY

The Joint Sponsors will receive a financial advisory fee. The Joint Book-runners and the Underwriters will receive an underwriting commission of 3% of the aggregate Offer Price payable for the Offer Shares. Particulars of these commissions and expenses are set forth under “Commissions and expenses” above.

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## **UNDERWRITING ARRANGEMENTS FOR THE SHARE OFFER**

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Save as disclosed above, none of the Joint Sponsors, the Joint Book-runners and the Underwriters are interested legally or beneficially in any shares of any of member of the Group or 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 of member of the Group nor any interest in the Share Offer.

### **COMPLIANCE ADVISER**

The Company entered into an agreement with Tanrich Capital on 7 November 2005 appointing it as the compliance adviser pursuant to the requirements of Rule 3A.19 of the Listing Rules. In accordance with Rule 3A.19 of the Listing Rules, the appointment is for a term commencing on the Listing Date and ending on the date on which the Company distributes the annual report for the first full financial year commencing after the Listing Date pursuant to Rule 13.46 of the Listing Rules, unless terminated earlier in accordance with the terms of the agreement.

During the term of the appointment, Tanrich Capital shall as compliance adviser, among other things, guide and advise the Company as to compliance with the Listing Rules and all other applicable rules, codes and guidelines in discharge of its duties under Chapter 3A of the Listing Rules.