

## UNDERWRITERS

CPY International  
Guotai Junan Securities (Hong Kong) Limited  
Capital Friend Securities Limited  
CEF Capital Limited  
CM-CCS Securities Limited  
CSC Securities (HK) Limited  
Emperor Securities Limited  
Polaris Securities (Hong Kong) Limited  
SBI E2-Capital Securities Limited  
Taiwan Securities (Hong Kong) Company Limited  
TIS Securities (HK) Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering at the Issue Price 340,000,000 New Shares for subscription and the Vendors are offering at the Issue Price 85,000,000 Sale Shares for sale, on and subject to the terms and conditions therein.

Subject to the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares in issue and the Shares to be issued as mentioned herein and to certain other conditions set out in the Underwriting Agreement, the Underwriters have severally agreed to subscribe for or purchase or procure placees to subscribe for or purchase the Placing Shares in accordance with the terms and conditions in the Underwriting Agreement.

### Grounds for termination

The obligations of the Underwriters to subscribe for or purchase or procure subscribers for the Placing Shares are subject to termination if certain events, including force majeure, occur at any time prior to 9:30 a.m. on the date when certificates for the Placing Shares are deposited into CCASS and/or despatched to placees, which is expected to be 6th July, 2001,

- (a) there is any adverse change in the business or in the financial or trading position of any member of the Group which in the sole and reasonable opinion of CPY International is material in the context of the Placing; or
- (b) (i) any event or series of events concerning or relating to or otherwise having an effect on, or any change or prospective change (whether or not permanent) in, Hong Kong, PRC, the Cayman Islands, British Virgin Islands or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory, stock or other financial market or other conditions, circumstances or matters, whether or not of the same kind with any of the foregoing (including without limitation any moratorium on or suspension of commercial banking activities or trading in securities on the Main Board or GEM) shall have occurred, happened or come into effect; or

- (ii) any new law or regulation or 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, PRC, the Cayman Islands, the British Virgin Islands or any other jurisdiction relevant to the Group shall have been introduced or effected; or
- (iii) 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 Underwriting Agreement; or
- (iv) the imposition of economic or other sanctions by the United States, the European community or any other country or organisation on Hong Kong or the PRC; or
- (v) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout shall have occurred, happened or come into effect; or
- (vi) there is, in the sole and reasonable opinion of CPY International, 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
- (vii) there is, in the sole and reasonable opinion of CPY International, a change in the exchange rate between the United States dollars and the Renminbi, or between Hong Kong dollars and the Renminbi; or
- (viii) any litigation or claim of material importance being threatened or instituted against any member of the Group; or
- (ix) death or serious injury of any of the executive Directors,

which will or may in the sole and reasonable opinion of CPY International be materially adverse to or materially prejudicially affect the Group or its prospects or the Placing or the success thereof or which makes it inappropriate, inadvisable or inexpedient to proceed with the Placing; or

- (c) any of the Underwriters shall become aware of the fact that, or have cause to believe that:
  - (i) any of the warranties given under the Underwriting Agreement was untrue, inaccurate or misleading in any material respect, or that any of the Warrantors is in breach of any provision of the Underwriting Agreement in any material respect;
  - (ii) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect, or any matter has arisen or has been discovered which would, if this prospectus was to be issued at that time, constitute a material omission therefrom.

## **Undertakings**

The Initial Management Shareholders have given non-disposal undertakings to the Company and the Underwriters, details of which are described in the section headed “Substantial and Initial Management Shareholders” of this prospectus.

Pursuant to the Underwriting Agreement, each of the Warrantors has undertaken with CPY and the Underwriters to procure that, save as pursuant to the exercise of the Over-allotment Option or the grant or the exercise of any options under the Share Option Scheme or otherwise approved by the Stock Exchange, the Company and its subsidiaries will not within the period commencing on the date of the Underwriting Agreement and ending six months from the day on which dealings in the Shares commence on the GEM allot or issue or agree to allot or issue any securities in the Company or any of its subsidiaries (including warrants or other convertible securities and whether or not of a class already listed) or grant or agree to grant any options or other rights carrying rights to subscribe for or otherwise acquire any securities of the Company or any of its subsidiaries or Placing to or agree to do any of the foregoing or announce any intention to do so.

## **Commission and expenses**

The Underwriters will receive an underwriting and placing commission of 3.5 per cent. of the aggregate Issue Price of all the Placing Shares (including Shares to be issued under the Over-allotment Option). CPY will receive a documentation fee relating to the Placing. The underwriting and placing commission (other than relating to the Over-allotment Shares), documentation fee, GEM listing fees, the Stock Exchange transaction levy, legal and other professional fees, printing and other expenses relating to the Placing which are currently estimated to be approximately HK\$15 million, will be payable by the Company as to 80% and the Vendors as to 20% to be shared equally among them. Any underwriting commission and expenses relating to the Over-allotment Shares will be borne solely by the Company.

## **Sponsor’s interests in the Company**

CPY and the Company has agreed that, after the Listing Date, CPY and the Company will enter into a sponsor’s agreement whereby the Company will appoint CPY to act as its sponsor for the purposes of the GEM Listing Rules for the remainder of the current financial year and the two financial years ending 31st December, 2003 pursuant to which CPY will receive a fee.

Save as provided for under the Underwriting Agreement and save as disclosed in the paragraph headed “Agency fees or commissions received” in Appendix V to this prospectus or otherwise disclosed in this prospectus, neither CPY nor any of its associates has or may, as a result of the Placing, have any interest in any class of securities of the Company or any other companies in the Group (including options or rights to subscribe for such securities).

No director or employee of CPY who is involved in providing advice to the Company has or may, as a result of the Placing, 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 Placing).

Neither CPY nor any of its associates has accrued any material benefit as a result of the successful outcome of the Placing, 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 CPY International for acting as one of the Underwriters pursuant to the Underwriting Agreement;
- (ii) the documentation and financial advisory fees to be paid to CPY as sponsor of the Placing;
- (iii) by way of a sponsor's agreement as described above; and
- (iv) certain associates of CPY, 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 CPY nor any of its associates has a directorship in the Company or any other company in the Group.

### **Underwriters' Interests in the Company**

Save as provided for under the Underwriting Agreement and otherwise disclosed in this prospectus, none of the Underwriters has any shareholding interests in any member of the Group nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares in any member of the Group.

### **Over-allotment Option**

The Company has granted to the Underwriters the Over-allotment Option, exercisable by CPY International, with prior consent of the Company, on behalf of the Underwriters' within 30 days after the date of this prospectus, to require the Company to issue up to an aggregate of 63,748,000 additional Shares, which is equivalent to 15 per cent. of the Placing Shares, at the Issue Price solely to cover any over-allocations in the Placing.