

# UNDERWRITING

## UNDERWRITERS

### Underwriters

CSC Securities (HK) Limited  
Access Capital Limited  
Barits Securities (Hong Kong) Limited  
Devonshire Securities Limited  
First Asia Finance Group Limited  
First Shanghai Securities Limited  
GC Capital (Asia) Limited  
Guotai Junan Securities (Hong Kong) Limited  
Luen Fat Securities Company Limited  
SBI E2-Capital Securities Limited  
SinoPac Securities (Asia) Limited  
UOB Kay Hian (Hong Kong) Limited  
Whole Win Securities Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Underwriting Agreement

Pursuant to the Underwriting Agreement entered into between, among others, the Company and the Underwriters, the Company is offering at the Offer Price (a) the Placing Shares (other than the Sale Shares) for subscription by way of the Placing; and (b) the Public Offer Shares for subscription by way of the Public Offer on and subject to the terms and conditions of this prospectus and the application forms relating thereto. The Vendor is offering the Sale Shares for purchase by selected professional, institutional and private investors under the Placing at the Offer Price.

Subject to 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 in this prospectus on or before 29th December, 2002 (or such later date as the Sponsors for themselves and on behalf of the Underwriters, may agree in writing with the Company) and to certain other conditions set out in the Underwriting Agreement, the Underwriters have severally agreed to subscribe or purchase or procure subscribers or purchasers for the Offer Shares.

### Grounds for termination

**The obligations of the Underwriters to subscribe or purchase or procure subscribers or purchasers for the Offer Shares are subject to termination by notice in writing from the Lead Manager (for itself and on behalf of the Sponsors and the other Underwriters). If, at any time prior to 5:00 p.m. (Hong Kong time) on the day immediately preceding the day of despatch of share certificates of the Offer Shares:**

- (i) **there shall develop, occur, exist or come into effect:**
  - (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 of any relevant jurisdiction; or**

## UNDERWRITING

- (b) any change in, or any event or series of events resulting or likely to result in any change in the financial, currency, political, military, industrial or economic conditions in Hong Kong or the PRC or internationally including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. shall be taken as an event resulting in a change in currency conditions; or**
- (c) any material adverse 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 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 BVI or the PRC; or**
- (f) any material adverse change in the business or in the financial or trading position of the Group; or**
- (g) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group,**

**which, in the sole and reasonable opinion of the Lead Manager (for itself and on behalf of the Sponsors and the other Underwriters):**

- (1) is or will be, or is likely to be, materially adverse to the business, financial condition or prospects of the Group taken as a whole; or**
  - (2) has or will or is likely to have a material adverse effect on the full subscription of all of the Offer Shares; or**
  - (3) otherwise makes it inadvisable or inexpedient to proceed with the Share Offer, or**
- (ii) there comes to the notice of any of the Sponsors, the Lead Manager or any of the Underwriters:**
- (a) any matter or event showing that any of the representations and warranties given by any of the Company, Imperial Profit, Primer Capital and Top Network (collectively the “Existing Shareholders”) under the Underwriting Agreement is or becomes untrue or inaccurate or misleading or having been breached in any material respect; or**
  - (b) any breach on the part of any of the Company, the executive Directors, the Existing Shareholders, Mr. Yeung or Mr. Hung (the Existing Shareholders, Mr. Yeung and Mr. Hung collectively, the “Covenantors”) of any of the provisions of the Underwriting Agreement in any material respect; or**

## UNDERWRITING

- (c) **that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission; or**
- (d) **any event, act or omission which gives or is likely to give rise to any material liability of any of the Company, the executive Directors, the Existing Shareholders or the Covenantors pursuant to the indemnities referred to in the Underwriting Agreement;**

**then the Lead Manager may (for itself and on behalf of the Sponsors and the other Underwriters) give written notice to the Sponsors and the Company (with a copy of such notice to each of the Underwriters) to terminate the Underwriting Agreement with immediate effect.**

### **Undertakings**

Each of the Covenantors has jointly and severally undertaken to and covenanted with the Company, the Sponsors, CSC Securities and the Underwriters that:–

- (i) he or it will not, and will procure that none of his or its associates or the shareholder(s) of the Controlling Shareholders will, within the period commencing on the date hereof and ending on the date falling six months after the Listing Date, sell, transfer or otherwise dispose of or create any rights in respect of any of the Shares (or any interest therein) owned, whether directly or indirectly, by him or it or any of his or its associates or any company controlled by him or it directly or indirectly immediately after the completion of the Share Offer, or sell, transfer or otherwise dispose of or create any right in respect of any interest in any shares in any company which is directly, or through another company indirectly, the beneficial owner of any of the said Shares, 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;
- (ii) he or it will not, and will procure that none of his or its associates or the shareholder(s) of the Controlling Shareholders will, within the period commencing on the date falling six months after the Listing Date and ending on the date falling six months thereafter, sell, transfer or otherwise dispose of or create any rights in respect of any of the Share (or any interest therein) owned, whether directly or indirectly, by him or it or the shareholder(s) of the Controlling Shareholders or any of his or its associates or any company controlled by him or it directly or indirectly immediately after the completion of the Share Offer, or sell, transfer or otherwise dispose of or create any right in respect of any interest in any share in any company which is directly, or through another company indirectly, the beneficial owner of any of the Shares immediately after completion of the Share Offer if, immediately following such transfer or disposal, the Controlling Shareholders together with all of their respective associates and the shareholder(s) of the Controlling Shareholders taken as a whole would cease to be a controlling shareholder (as defined in the Listing Rules) in respect of the Company;
- (iii) in the event of such sale, transfer or disposal of or creation of any rights in favour of any other person relating to, such Shares or any interest therein within the period of six months commencing from the date following the expiration of the six month

## UNDERWRITING

period referred to in sub-paragraph (i) above, he or it will take all reasonable steps to ensure that any such sale, transfer or disposal of or creation of any rights will not create a disorderly or false market for the Shares or any interest therein (or any other shares or securities of the Company arising or deriving therefrom); and

- (iv) he or it will, and will procure that his or her or its associates will, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal of or creation of any rights by him or it or by the registered holder controlled by him or it of any Shares.

Each of the Covenantors has also jointly and severally undertaken with the Company, the Sponsors, CSC Securities and the Underwriters that when he or it:–

- (i) pledges or charges any direct or indirect interest in the securities of the Company beneficially owned by any or all of the Controlling Shareholders, he or it must inform the Company of such pledge or charge together with the number of securities so pledged or charged in writing immediately thereafter; and
- (ii) receives indications, either verbal or written, from the pledgee or chargee that any of such pledged or charged securities or interest in the securities of the Company will be disposed of, he or it will immediately inform the Company, the Sponsors and the Lead Manager (for itself and on behalf of the other Underwriters) of such indications and the number of the securities affected.

The Company hereby further undertakes to, and covenants with, the Sponsors, the Lead Manager and each of the other Underwriters that it shall forthwith inform the Sponsors and the Lead Manager (for itself and on behalf of the other Underwriters) and the Stock Exchange in writing immediately after it has been informed of the matters referred to in the sub-paragraphs (i) and (ii) above and the Company shall disclose such matters by way of an announcement and shall comply with all requirements of the Stock Exchange.

### **Commission and expenses**

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Offer Shares, out of which each Underwriter will pay its own sub-underwriting commission. The Sponsors will in addition receive a financial advisory and documentation fee in relation to the Share Offer. Such fees and commission, together with the Stock Exchange listing fees, the SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Share Offer which are currently estimated to be about HK\$10.4 million in aggregate and are payable by the Company and the Vendor in the same proportion to which the number of the New Shares bears to the number of the Sale Shares.

### **Underwriters' interests in the Company**

Save for the (i) rights and obligations of the Sponsors and the Underwriters under the Underwriting Agreement; and (ii) the documentation and advisory fees payable to the Sponsors, none of the Underwriters has any shareholding interest in any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.