

UNDERWRITERS**Public Offer Underwriters**

DBS Asia Capital Limited
SBI E2-Capital Securities Limited

Placing Underwriters

DBS Asia Capital Limited
Kingsway Financial Services Group Limited
SBI E2-Capital Securities Limited
Crosby Capital Partners (Hong Kong) Limited (*formerly Crosby Limited*)
Guangdong Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Tai Fook Securities Company Limited
KGI Capital Asia Limited
VC Capital Limited
South China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES**Public Offer*****Public Offer Underwriting Agreement***

Pursuant to the Public Offer Underwriting Agreement, the Company offers the Public Offer Shares at the Offer Price (subject to reallocation) for subscription by way of Public Offer on and subject to the terms and conditions set forth in this prospectus and the related Application Forms.

Subject to, inter alia, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on or before 30 December 2004, or such later date as the Company and the Sponsor may agree, the Public Offer Underwriters have severally agreed, subject to the terms and conditions of the Public Offer Underwriting Agreement, to subscribe for or procure subscribers for, on the terms and conditions of this prospectus and the related Application Forms, their respective applicable proportions of the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for or procure subscribers for the Public Offer Shares are subject to termination. DBS Asia (acting for itself and on behalf of the other Public Offer Underwriters) shall be entitled to terminate the Public Offer Underwriters' obligations under the Public Offer Underwriting Agreement by giving notice in writing to the Company at any time prior to 8:00 a.m. on the Listing Date (the "Termination Time"):—

- (a) there comes to the notice of DBS Asia or any of the other Public Offer Underwriters before the Termination Time that:
 - (i) any statement contained in any of this prospectus or the Application Forms was when such document was issued, or has become, untrue, incorrect or misleading in any material respect in the absolute opinion of DBS Asia (for itself and on behalf of the other Public Offer Underwriters); or
 - (ii) any matter has arisen or been discovered which would, had it arisen or been discovered immediately before the date of this prospectus or the Application Forms, constitute a material omission therefrom in the absolute opinion of DBS Asia (for itself and on behalf of the other Public Offer Underwriters); or
 - (iii) any of the representations, warranties or undertakings given by the Company, the executive Directors, Data Dreamland, Ms. Yang and Ms. Ma in the Public Offer Underwriting Agreement is untrue or inaccurate in any respect which DBS Asia (for itself and on behalf of the other Public Offer Underwriters) in its absolute opinion considers to be material in the context of the Share Offer; or
 - (iv) any event, act or omission which gives or is likely to give rise to a liability of any of the Company, the executive Directors, Data Dreamland, Ms. Yang and Ms. Ma pursuant to the indemnities given by them under the Public Offer Underwriting Agreement; or
 - (v) any of the obligations or undertakings expressed to be assumed by or imposed on any of the Company, the executive Directors, Data Dreamland, Barrie Bay, Ms. Yang and Ms. Ma under the Public Offer Underwriting Agreement has not been complied with or observed in any respect considered by DBS Asia (for itself and on behalf of the other Public Offer Underwriters) to be material; or
 - (vi) any information, matter or event which in the absolute opinion of DBS Asia (for itself and on behalf of the other Public Offer Underwriters) may lead to a material adverse change in the business or in the financial or trading position or prospect of the Group; or

- (b) there shall develop, occur, exist or come into effect:
- (i) any new law or any change in existing laws of any nature whatsoever or change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction; or
 - (ii) any change (whether or not forming part of a series of changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) in local, national or international financial, political, military, industrial, fiscal or economic conditions or prospects; or
 - (iii) any change in the conditions of local, national or international securities or commodities markets (or in conditions affecting a sector only of such market) including, for the avoidance of doubt, any significant adverse change in index level or volume of turnover of any such markets; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (v) a change or development involving a prospective change in taxation or exchange control (or the implementation of exchange control) in Hong Kong, the Cayman Islands, the BVI or the PRC or other relevant jurisdiction; or
 - (vi) 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 is managed or a change in the value of Hong Kong currency under such system,

which, in the absolute opinion of DBS Asia (for itself and on behalf of the other Public Offer Underwriters):

- (1) is or will or is likely to be materially adverse to the business, financial or other condition or prospects of the Group or to any present or prospective shareholders of the Company in his capacity as such; or
- (2) has or will have or is likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted or the distribution of the Offer Shares; or
- (3) makes it inadvisable or inexpedient to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus and the Application Forms.

Listing Rules obligations

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date

(whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain prescribed circumstances, which includes the issue of Shares pursuant to the Share Option Scheme.

Pursuant to Rule 10.07(1) of the Listing Rules, Data Dreamland and Barrie Bay have jointly and severally undertaken to the Stock Exchange and the Company that each of them shall not, and shall procure that the relevant registered holder(s), the associates or companies controlled by or nominees or trustees holding on trust for each of the them shall not:

- (1) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Company in respect of which it is or they are shown by this prospectus to be the beneficial owner(s); or
- (2) in the period of six months commencing on the date on which the period referred to in (1) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in (1) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder.

Pursuant to Rule 10.07(3) of the Listing Rules, each of Data Dreamland and Barrie Bay has also jointly and severally undertaken to the Stock Exchange and the Company that each of them shall, and shall procure HSBC Trustee (in the capacity as trustee of the Barrie Bay Trust) shall, during the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is twelve months from the Listing Date:

- (1) when each of Data Dreamland, Barrie Bay and HSBC Trustee pledges or charges any Shares or other securities of the Company beneficially owned by each of Data Dreamland, Barrie Bay and HSBC Trustee (in the capacity as trustee of the Barrie Bay Trust) in favour of an authorised institution, immediately inform the Company of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (2) when each of Data Dreamland, Barrie Bay and HSBC Trustee receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities will be disposed of, immediately inform the Company of such indications.

Undertakings

Pursuant to the Public Offer Underwriting Agreement, each of Data Dreamland, Barrie Bay, Mr. Guo and Ms. Yang (together, the “Covenantors”) has undertaken with the Company, the Sponsor and the Public Offer Underwriters to the effect that:—

- (1) save in connection with the stock borrowing arrangement described under the paragraphs headed “Stock Borrowing Agreement” in the section headed “Structure and conditions of the Share Offer” in this prospectus, it or he or she shall not, and shall procure that its or his or her associates or companies controlled by it or him or her or any nominee or trustee holding in trust for it or him or her shall not, sell, transfer or otherwise dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (save pursuant to a pledge or charge as security in favour of an authorised institution for a bona fide commercial loan) any of the Shares or any interest therein beneficially owned by it or him or her or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by it or him or her which is directly or indirectly the beneficial owner of any of the Shares) immediately following the completion of the Share Offer (including the issue of Over-allotment Shares (if applicable)) and the Capitalisation Issue (the “Relevant Securities”) during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the “First Period”); and

- (2) it or he or she shall not, and shall procure that its or his or her associates or companies controlled by it or him or her or any nominee or trustee holding in trust for it or him or her shall not, within the period of a further six months immediately after the expiry of the First Period (the “Second Period”), sell, transfer or otherwise dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (save pursuant to a pledge or charge as security in favour of an authorised institution for a bona fide commercial loan and any transfer of Shares by Data Dreamland under the Option Agreement) any of the Relevant Securities, if immediately following such sale, transfer, disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it or she, either individually or taken together with his or its associates, would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company, provided always that, in the event of any such sale, transfer, disposal or agreement, all reasonable steps shall be taken to ensure that such sale, transfer, disposal or agreement shall be effected in such a manner so as not to create a disorderly or false market for the Shares after completion of such sale, transfer or disposal.

Each of the Covenantors has undertaken to the Company, the Sponsor and the Public Offer Underwriters to the effect that, within the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date, it or he or she will:—

- (i) when it or he or she mortgages or pledges or charges any direct or indirect interest in any securities of the Company beneficially owned by it or him or her as permitted by the Listing Rules or pursuant to any right or waiver granted by the Stock

Exchange, immediately inform the Company and the Sponsor of such mortgage/pledge/charge together with the details of securities so mortgaged/pledged/charged; and

- (ii) when it or he or she receives indications, either verbal or written, from the mortgagee/pledgee/chargee that any of the mortgaged/pledged/charged securities of the Company will be disposed of, immediately inform the Company and the Sponsor of details of such indications.

The Company has undertaken to the Sponsor and the Public Offer Underwriters that it shall inform the Stock Exchange as soon as it has been informed of matters referred to in (i) and (ii) above by any of the Covenantors and disclose such matters by way of an announcement which is to be published in the newspapers as soon as possible.

The Company has undertaken to the Sponsor and the Public Offer Underwriters, and each of Data Dreamland, Barrie Bay, Ms. Yang and the executive Directors has jointly and severally undertaken to the Sponsor and the Public Offer Underwriters to procure that, without the prior written consent of DBS Asia (such consent not to be unreasonably withheld), and unless in compliance with the requirements of the Listing Rules and subject always to the requirements of the Stock Exchange, save for the New Shares and the Shares to be issued pursuant to the Capitalisation Issue, the grant of any options under the Share Option Scheme, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or by way of scrip dividend schemes or similar arrangements in accordance with the articles of association of the Company, neither the Company nor any of the subsidiaries from time to time may (a) allot and issue or agree to allot and issue (i) any shares in the Company or (ii) any securities of the Company or any of the subsidiaries of the Company from time to time which are convertible into equity securities of the Company (whether or not of a class already listed on the Main Board) or which are issued to parties other than the Company and its wholly-owned subsidiaries or (b) agree to issue such shares or securities or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of the Company or any subsidiary of the Company from time to time, during a period of twelve months from the Listing Date.

Commissions

The Public Offer Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Public Offer Shares, out of which they will pay any sub-underwriting commissions. The Sponsor will also receive a financial advisory fee.

Sponsor's and Public Offer Underwriters' Interests in the Company

Save as disclosed in the paragraphs headed "Public Offer Underwriting Agreement" and "Commissions" above, none of the Sponsor and the Public Offer Underwriters is interested legally or beneficially in any Shares or securities or equity interest in any 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 or equity interest in any member of the Group nor any interest in the Share Offer.

Placing***Placing and Underwriting Agreement***

In connection with the Placing, the Company, the Vendor and other parties are expected to enter into the Placing and Underwriting Agreement with the Placing Underwriters. Under the Placing and Underwriting Agreement, the Placing Underwriters would, subject to certain conditions, severally agree to subscribe for or purchase the Placing Shares or procure subscribers or purchasers for the Placing Shares.

Under the Placing and Underwriting Agreement, the Company is expected to grant to the Placing Underwriters the Over-allotment Option, exercisable by DBS Asia (for itself and on behalf of the other Placing Underwriters) at any time prior to the date falling 30 days after the last day for lodging applications under the Public Offer, to require the Company to issue up to an aggregate of 19,800,000 new Shares (equivalent to 15% of the Offer Shares initially available under the Share Offer), solely to cover over-allocations in the Placing and/or the obligations of DBS Asia to return securities borrowed under the Stock Borrowing Agreement.

Total expenses

The aggregate commissions and fees, together with the listing fees, legal and other professional fees, and printing and other fees and expenses relating to the Share Offer are estimated to be approximately HK\$16.1 million in aggregate (assuming that the Over-allotment Option is not exercised and based on the Offer Price of HK\$0.83 (being the mid-point of the indicative Offer Price range between HK\$0.79 and HK\$0.87)), and will be payable by the Company and the Vendor as to 75.8% and 24.2%, respectively. The Company will also pay for all expenses in connection with any exercise of the Over-allotment Option.

Public float

The Directors and the Sponsor will ensure there will be a minimum of 25% of the total issued share capital of the Company in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer and the Capitalisation Issue. In the event DBS Asia is required to fulfill its obligation under the Underwriting Agreements to take up any of the Offer Shares, DBS Asia undertakes to the Company that the applicants, purchasers or placees procured by it shall be Independent Third Parties that are not connected to DBS Asia or its directors and their respective associates before the date of the announcement of the results of the Share Offer.