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## UNDERWRITING

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### UNDERWRITER

Upbest Securities

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreement

Pursuant to the Underwriting Agreement (material contract (d) in the paragraph headed “Summary of material contracts” under the section headed “Further information about the Company” in Appendix III), the Company is offering the New Shares for subscription by the public in Hong Kong pursuant to the New Issue subject to the terms and conditions of this prospectus and the application forms at the New Issue Price. Subject to, amongst other things, the Listing Committee granting the approval of listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, in each case on or before 27th June, 2002, the Underwriter has agreed to subscribe or procure subscribers on the terms and conditions of this prospectus and the application forms for the New Shares which are not taken up under the New Issue.

#### Grounds for termination

**The Underwriting Agreement is subject to termination in certain events, including force majeure (as defined in the Underwriting Agreement), occurring at or before 5:00 p.m. on the second Business Day following the date on which the application lists for the New Issue are closed. The grounds for termination include, amongst other things, circumstances where:**

- (a) in the reasonable opinion of the Underwriter, the success of the New Issue would or might be materially or adversely affected by:**
  - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof by any relevant legislative or judicial authority in any jurisdiction whatsoever or other occurrence of any nature whatsoever which may materially adversely affect the business or financial prospects of the Group; or**
  - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes 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) of a political, military, industrial, financial, economic or other nature resulting in a material adverse change in, or which might reasonably be expected to result in a materially adverse change in, political, economic or stock market (including local or international) conditions; or**
  - (iii) 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**

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## UNDERWRITING

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- (iv) any change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or any other jurisdiction to which any member of the Group is subject to or the implementation of exchange controls which would or might materially and adversely affect any member of the Group or its present or prospective shareholders in their capacity as such, to the extent that the success of the New Issue would be materially prejudiced; or
- (v) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, act of terrorism, strike or lock-out; or
- (b) any material breach of any of the representations, warranties and undertakings set out in Clause 9 of the Underwriting Agreement comes to the knowledge of the Underwriter or any breach of any other provision of the Underwriting Agreement (other than on the part of the Underwriter, except where such breaches arise solely from the act, default, negligence, omission or fraud on the part of the Underwriter) comes to the knowledge of the Underwriter which is reasonably considered by the Underwriter to be material in the context of the New Issue; or
- (c) any of the executive Directors and/or the Company commits any material breach of, or omits to observe, in any material respect, any of his or its respective obligations under the Underwriting Agreement and which is material in the context of the New Issue; or
- (d) there is in the reasonable opinion of the Underwriter, any material adverse change in the business or in the financial or trading position of any member of the Group which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the New Issue;

then and in any such case, the Underwriter may terminate the Underwriting Agreement without liability to the other parties thereto by giving notice in writing to the Company and the other parties thereto, such notice (if any) to be given no later than 5:00 p.m. on the second Business Day after the date on which the application lists close.

### Undertakings

- (a) Each of the executive Directors has jointly and severally undertaken with each of the Company, the Sponsor and the Underwriter that save in circumstances permitted by the Listing Rules, he will not subscribe or enter into or effect any arrangements, and will procure that none of his associates will subscribe, apply or enter into or effect any arrangements, for the subscription of or, the application for any New Shares pursuant to the New Issue whereby he or any of his associates will become legally or beneficially (whether directly or indirectly) interested in any New Shares (whereby the Company acknowledged that it will use its reasonable endeavours so long as within its power and control to procure that its other Directors likewise observe and comply with the aforesaid restrictions);

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## UNDERWRITING

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- (b) Each of the Company, Typical Success Limited and Endless Wealth Limited has jointly and severally undertaken with the Sponsor and the Underwriter that it will procure that the Company will not, without the prior written consent of the Underwriter and unless in compliance with the Listing Rules and save pursuant to the New Issue, allot or issue or agree to allot or issue any Shares or other securities (including securities convertible into or exchangeable for Shares) or agree conditionally or unconditionally to allot or issue or grant any option or other rights to subscribe for or otherwise acquire any Shares or other securities of the Company or repurchase any securities of the Company or enter into any agreement to do any of the foregoing during the period from and including the date of the Underwriting Agreement up to and including the date falling six months from the date on which dealings in the Shares commence on the Stock Exchange;
- (c) Each of Typical Success Limited and Endless Wealth Limited has undertaken with the Company, the Underwriter and the Stock Exchange that within the period of twelve months from the date on which dealings in the Shares commence on the Stock Exchange, it will:
- (i) if it or its associates pledges/charges any securities or interest in the securities of the Company beneficially owned by or controlled by it or its associates (as appropriate), immediately inform the Company of such pledges/charges together with the number of securities so pledged/charged; and
  - (ii) if it or its associates receives indications, either verbal or written, from the pledgee/chargee that any of the pledged or charged securities or interest in the securities of the Company will be disposed of, immediately inform the Company of such indications;

The Company shall, if so required by the Listing Rules, inform the Stock Exchange and publish press notice should it receive the notice as mentioned in paragraph (c) (i) and/or (c) (ii) above.

- (d) Each of Typical Success Limited and Endless Wealth Limited has undertaken with the Company and the Underwriter that, it will:
- (i) during the period of six months from and including the date on which dealing in Shares commence on the Stock Exchange, it will not and will procure that none of its associates, nominees or trustees holding in trust for it will sell, transfer or otherwise dispose of including, without limitation, by the creation of any option charge or other encumbrance (apart from charges created as security for loans over) any Shares or any interest in any shares in any company which is controlled by it and is directly or indirectly, the beneficial owner of any such Shares upon completion of the New Issue or any other shares or securities of the Company arising or deriving therefrom;
  - (ii) not, and will procure that none of its associates, nominees or trustees holding in trust for it will during the period from and including the date of the Underwriting Agreement up to and including the date immediately preceding that date on which dealings in the Shares commence on the Stock Exchange, sell, transfer or otherwise dispose of or create any rights (including, without limitation, by the creation of any options, charge or other encumbrance over) in respect of any Shares or any direct or indirect interest therein or any other shares or securities of the Company arising or deriving therefrom; and

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## UNDERWRITING

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- (iii) take all reasonable steps to ensure that any disposal of Shares at any time after the expiry of six months from the date on which dealings in the Shares commence on the Stock Exchange, will not create a disorderly or false market.

### **Commission**

The Underwriter will receive a commission of 2.5% of any of the New Issue Price of all the New Shares, out of which it will pay any sub-underwriting commissions. In addition, Upbest Securities will receive an advisory and documentation fee in their capacity as sponsor of the New Issue. Such commission and fee, together with the SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the New Issue, which are estimated to amount to approximately HK\$5 million, will be payable by the Company.

### **Underwriter's interest in the Company**

None of the Underwriter or any of its holding companies, or any of its subsidiaries is beneficially interested, directly or indirectly, in any shareholding of the Company.