

# UNDERWRITING

## UNDERWRITERS

### Placing Underwriters

Emperor Securities Limited  
Ever-Long Securities Company Limited  
Kingston Securities Limited  
Koffman Securities Limited  
Shenyin Wanguo Capital (H.K.) Limited  
South China Securities Limited  
Taiwan Concord Capital Securities (Hong Kong) Limited  
Vermont Securities Co., Ltd.

### Public Offer Underwriter

Ever-Long Securities Company Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Underwriting agreement

Pursuant to the Underwriting Agreement, the Company is offering the New Shares for subscription pursuant to the Offer, subject to the terms and conditions of this prospectus and the application forms relating thereto and the Vendor has appointed the Placing Underwriters as the agents to offer the Sale Shares for sale by way of Placing, in each case, at the Offer Price.

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 herein on or before 29th November, 2002 (or such later date as the Lead Managers (for themselves and on behalf of the Sponsors and the Underwriters) may agree in writing with the Company and the Vendor), the Placing Underwriters have agreed to subscribe or purchase or procure subscribers or purchasers for the Placing Shares, subject to the terms and conditions of the Placing and the Public Offer Underwriter has agreed to subscribe or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the related application forms, the Public Offer Shares now being offered for subscription under the Public Offer and which are not taken up under the Public Offer.

### Grounds for termination

The obligations of the Underwriters to subscribe or purchase or procure subscribers or purchasers to subscribe for or purchase the Offer Shares are subject to termination if certain events, including force majeure, shall occur prior to 4:00 p.m. (Hong Kong time) on the day immediately before the day on which the Share certificates are despatched. These events include circumstances where:

- (a) in the reasonable opinion of the Lead Managers (for themselves and on behalf of the Underwriters), the success of the Offer would or might be materially and 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 or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Lead Managers (for themselves and the Underwriters), adversely affect the business or financial prospects of the Company or the Group taken as a whole; 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, terrorism or other nature, whether

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or not sui generis with any of the foregoing, resulting in a material and adverse change in, or which might be expected to result in a material and adverse change in political, economic or stock market 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 (iv) a change or development involving a prospective change in Taxation (as defined in the Underwriting Agreement) in Hong Kong, the Cayman Islands, the BVI, Samoa or anywhere in the world where the Group operates or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective shareholders in their capacity as such; or

- (b) there develops, occurs or comes into force any event, or series of event, beyond the control of the Underwriters (including, without limitation to, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, terrorism, strike or lock-out) which in the reasonable opinion of the Lead Managers (for themselves and on behalf of the Underwriters) have or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Offer or pursuant to the underwriting thereof in a material respect; or
- (c) there is any change in the conditions of local, national or international securities markets which, in the reasonable opinion of the Lead Managers (for themselves and on behalf of the Underwriters), is likely to materially and adversely affect the number of Shares in respect of which Complying Applications (as defined in the Underwriting Agreement) are received and/or the number of Placing Shares applied, or the success of, the Offer or makes it inexpedient or inadvisable to proceed with the Offer; or
- (d) there comes to the notice of any of the Lead Managers and the other Underwriters, any matter or event showing any of the warranties contained in the Underwriting Agreement, in the reasonable opinion of the Lead Managers (for themselves and on behalf of the Underwriters), to be untrue or inaccurate in any material respect in the context of the Offer; or
- (e) any of the executive Directors, the Covenantors (as defined in the Underwriting Agreement) and/or the Company commits any material breach of, or omits to observe in any material respect, any of the obligations or undertakings expressed to be assumed by them or it under the Underwriting Agreement; or
- (f) there comes to the notice of any of the Underwriters any information, matter or event which, in the reasonable opinion of the Lead Managers (for themselves and on behalf of the Underwriters) is or may lead to a material adverse change in the business or in the financial or trading position of the Group taken as a whole.

### **Undertakings**

In the Underwriting Agreement,

- (1) each of Mr. Garry Siu, Mr. Edmund Siu and the Vendor has severally undertaken to, and covenanted with, the Company, CSC Asia (in its capacity as the sponsor of the Offer), First Asia (in its capacity as the co-sponsor of the Offer) and the Underwriters that:
  - (a) he or it shall not, and shall procure that none of his or its associates (as defined in the Listing Rules) and the companies controlled by or nominees or trustees holding in trust for him or it shall, within the period commencing on the date of the Underwriting Agreement and ending on the date falling six months after the date on which dealings

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in the Shares first commence on the Stock Exchange, sell, transfer or otherwise dispose of or create any rights in respect of any of the Shares owned or held by him or it, his or its associates (as defined in the Listing Rules) or the relevant company, nominee or trustee immediately upon completion of the Offer, or sell, transfer or otherwise dispose of any interest in any shares in any company controlled by him or it which is directly, or through another company indirectly, the beneficial owner of any of the Shares, provided that the foregoing restriction shall not apply to any Shares which he or it or any of his or its associates (as defined in the Listing Rules) may acquire or become interested in following the date on which dealings in the Shares first commence on the Stock Exchange and the creation of security for bona fide commercial loans or in circumstances permitted by the Listing Rules, and that, in the event of a disposal of any of the Shares at any time during the second six-month period thereafter referred in paragraph (b) below, such disposal shall, subject to paragraph (b) below, be effected in such a manner so as not to create a disorderly or false market; and

- (b) neither he or it nor his or its associates (as defined in the Listing Rules) nor any company controlled by him or it nor any nominee or trustee holding in trust for him or it shall, within the period commencing on the date immediately following the date falling six months after the date dealings in the Shares first commence on the Stock Exchange 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 Shares owned or held by him or it, his or its associates (as defined in the Listing Rules) or the relevant company, nominee or trustee after the completion of the Offer, or dispose of any interest in any shares in any company controlled by him or it which is directly, or through another company indirectly, the beneficial owner of any of the Shares if, immediately following such sale, transfer or disposal, he and/or it, his or its associates (as defined in the Listing Rules) and/or the relevant company, nominee and/or trustee would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company provided that the foregoing restriction shall not apply to the creation of security for bona fide commercial loans or in circumstances permitted by the Listing Rules.
- (2) each of the Company, Mr. Garry Siu, Mr. Edmund Siu, the Vendor and the executive Directors has undertaken to and covenanted with CSC Asia (in its capacity as the sponsor of the Offer), First Asia (in its capacity as the co-sponsor of the Offer) and the Underwriters to procure that, the Company shall not:
- (a) within the period of six months from the date on which dealings in the Shares first commence on the Stock Exchange, issue or agree to issue any Shares or securities of the Company or any shares in any subsidiary of the Company or grant or agree to grant any options, warrants or other rights carrying any right to subscribe for or otherwise acquire any securities of the Company or any of its subsidiaries other than the New Shares, the granting of options under the Share Option Scheme and any Shares which may fall to be issued pursuant to the Capitalisation Issue or the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme or otherwise than by way of scrip dividend scheme or similar arrangements in accordance with the articles of association of the Company; and
  - (b) within the period commencing on the date immediately following the date falling six months after the date on which dealings in the Shares first commence on the Stock Exchange and ending on the date falling six months thereafter, and other than as mentioned in paragraph (a) above, issue any shares in the Company or any subsidiary

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or grant or agree to grant any options, warrants or other rights carrying any right to subscribe for or otherwise acquire any securities of the Company or any subsidiary, completion of which shall result in Mr. Garry Siu, Mr. Edmund Siu and Huge Gain ceasing to be the controlling shareholder (as defined in the Listing Rules) of the Company.

- (3) each of the Company, Mr. Garry Siu, Mr. Edmund Siu, the Vendor and the executive Directors has undertaken to and covenanted with the Underwriters that save with the prior written consent (such consent not to be unreasonably withheld or delayed) of the Sponsors (for themselves and on behalf of the Underwriters), no member of the Group shall within the period of six months from the date of this prospectus purchase any securities of the Company.
- (4) subject to paragraph (1) above, each of Mr. Garry Siu, Mr. Edmund Siu and the Vendor has agreed with and undertaken to the Underwriters, CSC Asia (in its capacity as the sponsor of the Offer) and First Asia (in its capacity as the co-sponsor of the Offer) not to, and shall procure that none of their associates (as defined in the Listing Rules), the companies controlled by, or the nominees or trustees holding in trust, for it or him shall, within the period of twelve months after the date on which dealings in the Shares first commence on the Stock Exchange, pledge, charge, encumber or create any third-party rights in respect of any of the Shares owned or held by it or him or the relevant company, nominee or trustee (whether directly or indirectly) save with the prior written consent of CSC Asia (in its capacity as the sponsor of the Offer) and First Asia (in its capacity as the co-sponsor of the Offer) (such consent not to be unreasonably withheld or delayed).
- (5) each of Mr. Garry Siu, Mr. Edmund Siu and Huge Gain has undertaken to and covenanted with the Company, CSC Asia (in its capacity as the sponsor of the Offer), First Asia (in its capacity as the co-sponsor of the Offer) and the Underwriters that it or he shall, within the 12 months from the date on which dealings in the Shares on the Stock Exchange first commence:
  - (a) when he/it pledges/charges any securities beneficially owned by him/it, immediately inform the Company of such pledge/charge together with the number of securities so pledged/charged; and
  - (b) when he/it receives indications, either verbal or written, from the pledgee/chargee that any of pledged/charged securities will be disposed of, immediately inform the Company of such indications.
- (6) the Company has undertaken to and covenanted with CSC Asia (in its capacity as the sponsor of the Offer), First Asia (in its capacity as the co-sponsor of the Offer) and the Underwriters that the Company shall inform the Sponsors (for themselves and on behalf of the Underwriters) and the Stock Exchange in writing as soon as it has been informed of the matters referred to in (5) above and the Company shall disclose such matters by way of an announcement in the newspapers as soon as possible and comply with all requirements of the Stock Exchange.

By way of separate undertakings, each of Mr. Garry Siu, Mr. Edmund Siu, Huge Gain and Nerine Trust Company Limited (as the trustee of SB Unit Trust) have undertaken on a joint and several basis to the Stock Exchange, the Company, the Sponsors and the Underwriters that:

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- (A) they shall, and shall procure that their associates (as defined in the Listing Rules) will:
- (a) for a period of six months from the date on which dealings in the Shares commence on the Stock Exchange, not dispose of, and shall procure the registered holder not to dispose of, any of the Shares in respect of which any of them is shown by this prospectus to be direct or indirect beneficial owners; and
  - (b) in the six-month period immediately following the expiry of the period referred to in paragraph (a) above, not dispose of, and not permit the registered holder to dispose of, any of the Shares referred to in paragraph (a) above if, immediately after such disposal, they would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; and
  - (c) in the event of any disposal after the six-month period referred to in paragraph (a) above, all reasonable steps will be taken to ensure that such disposal will be effected in such manner so as not to create a disorderly or false market; and
- (B) within a period of 12 months from the date on which dealings in the Shares commence on the Stock Exchange, they shall and shall procure that their associates (as defined in the Listing Rules) will:
- (a) if and when any of them or any of their associates (as defined in the Listing Rules) pledges or charges any Shares beneficially owned by them, immediately inform the Company in writing of such pledge or charge and the number of the Shares so charged or pledged; and
  - (b) when any of them, or any of their associates (as defined in the Listing Rules), nominees or trustees, as the case may be, receive indications, whether verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

### **Commission**

The Underwriters shall receive a commission of 2.5% of the aggregate Offer Price of the Offer Shares, out of which they shall pay any sub-underwriting commissions. The Sponsors shall, in addition, receive a documentation fee. The underwriting commission, documentation fee, Stock Exchange listing fee and trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expenses relating to the Offer are estimated to amount to approximately \$13 million in total and are payable by the Company and the Vendor in the same proportion to which the number of New Shares bears to the number of Sale Shares provided that the Stock Exchange listing fee shall be borne by the Company solely. The stamp duty (if any) arising from the sale of the Sale Shares shall be borne by the Vendor solely.

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

Save for their respective obligations under the Underwriting Agreement, none of the Underwriters has any shareholding interest in the Company or 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.