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## UNDERWRITING

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### UNDERWRITERS

Core Pacific - Yamaichi International (H.K.) Limited  
Kingsway SW Securities Limited  
GOA Securities Limited  
KGI Asia Limited  
Phoenix Capital Securities Limited  
Yuanta Brokerage Company Limited  
YF Securities Company Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering up to 37,500,000 new Shares for subscription and the Vendors are offering an aggregate of 12,500,000 existing Shares for sale with an Over-allocation Option of up to 7,500,000 existing Shares granted by Noble Class Group Limited to the Underwriters for sale to investors who are professional and institutional investors and other investors on and subject to the terms and conditions set out in the Underwriting Agreement at the Placing Price.

Pursuant to the Underwriting Agreement and 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 or purchase or procure places to subscribe for or purchase the Placing Shares in accordance with the terms of the Underwriting Agreement.

#### Grounds for termination

The obligations of the Underwriters to subscribe or procure subscribers are subject to termination if certain events, including force majeure, shall occur at any time prior to 8:45 a.m. (Hong Kong) time on the date on which the share certificates are available which is expected to be 16th August, 2000. The Underwriters are entitled to terminate their obligations under the Underwriting Agreement at any time prior to 8:45 a.m. on 16th August, 2000 upon the occurrence of, but not limited to, any of the following events which is expected to be or before 8:45 a.m. on 16th August, 2000:—

- (i) there shall develop, occur or come into force:—
  - (a) any event, or series of events, beyond the reasonable control of the Placing Underwriters (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, riot, public disorder, terrorism, economic sanction, acts of God or interruption or delay in transportation) which in the reasonable opinion of CPY International has or have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Placing or pursuant to the underwriting thereof; or
  - (b) any change in local, national, financial, economic, political, military, industrial, fiscal, regulatory or market conditions or sentiments and matters and/or disasters (including any moratorium, suspension or material restriction on trading in securities

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generally on the Stock Exchange) and if in the reasonable opinion of CPY International any such change or disasters would materially adverse to the business, financial or other conditions or prospect of the Group taken as a whole, or prejudicially affect the Placing; or

- (c) 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, the PRC, Bermuda, Taiwan, the British Virgin Islands or any other jurisdiction relevant to the Company and its subsidiaries and if in the reasonable opinion of CPYI any such new law or change materially and adversely affect or may be expected materially and adversely affect the business, financial or other condition or prospects of the Group taken as a whole; or
  - (d) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for the U.S. or by the European Union (or any member thereof) Hong Kong, Taiwan, the PRC or any other jurisdiction relevant to the Company and its subsidiaries if in the reasonable opinion of CPY International any such imposition would make it inadvisable or inexpedient to proceed with the Placing; or
  - (e) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the PRC, the U.S., Bermuda, Taiwan, the British Virgin Islands or any other jurisdiction relevant to the Company and its subsidiaries if, in the reasonable opinion of CPY International, any such change or development materially and adversely affect or may be expected materially and adversely affect the business, financial or other condition or prospects of the Group taken as a whole;
  - (f) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group.
- (ii) there has come to the notice of CPY International:—
- (a) that any statement, reasonably considered by CPY International to be material, contained in this prospectus was when any of such documents were issued, or has become, untrue, incorrect or misleading in any material respect; or
  - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus Date, constitute an omission therefrom reasonably considered by CPY International to be material to the Placing; or
  - (c) any event, act or omission which gives or is likely to give rise to any material liability of any party to the Underwriting Agreement (other than the Placing Underwriters or Core Pacific - Yamaichi) the Company pursuant to the indemnities referred to in the Underwriting Agreement; or
  - (d) any material breach of any of the obligations imposed upon any party to the Underwriting Agreement (other than on any of the Placing Underwriters or Core Pacific - Yamaichi); or

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- (e) any event, act or omission which, if it had occurred prior to the execution of the Underwriting Agreement, would have rendered any of the representations and warranties, or any other provisions, contained in the Underwriting Agreement untrue, incorrect or misleading or
- (f) any adverse change in the business or in the financial or trading position of any member of the Group which is material in the context of the Placing; or
- (g) any breach, reasonably considered by CPY International to be material, of any of the representations and warranties, or any other provision, contained in the Underwriting Agreement (other than those given by the Placing Underwriters or Core Pacific - Yamaichi, if any).

### Undertakings

Noble Class Group Limited has undertaken to the Company, Core Pacific - Yamaichi (in its capacity as the international coordinator and sponsor of the Offer), the Underwriters and the Stock Exchange that:—

- (i) it will place with an escrow agent acceptable to the Exchange (approved by Core Pacific - Yamaichi (on behalf of the Underwriters)) as required by the GEM Listing Rules its Relevant Securities during the Management Relevant Period;
- (ii) it shall not, and shall procure that none of its associates and the companies controlled by it or nominees or trustees holding in trust for it shall, within the Management Relevant Period, save as provided in Rule 13.17 of the GEM Listing Rules, dispose of (or enter into an agreement to dispose of) in respect of any of the Relevant Securities nor permit the registered holder to dispose of (nor enter into an agreement to dispose of) any of its direct or indirect interest in the Relevant Securities;
- (iii) it shall in the event that it pledges or charges any direct or indirect interest in the Relevant Securities under Rule 13.17 of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.17(5) of the GEM Listing Rules, at any time during the Management Relevant Period, it must, inform the Company and CPY immediately in the event it becomes aware that the pledgee or the chargee has disposed of or intends to dispose of such interest and of the number of Relevant Securities affected.

All the Shares which are held by Noble Class Group Limited will be placed with HSBC Trustee (Hong Kong) Limited, the escrow agent, at the listing of the Company on the GEM. Pursuant to the Underwriting Agreement signed by, among others, Noble Class Group Limited, the Company and the Underwriters, Noble Class Group Limited has granted to the Underwriters the Over-allocation Option which is exercisable by CPY International in its sole and absolute discretion (for and on behalf of the Underwriters) at any time during the period commencing on the date of this prospectus and expiring on the 30 day after such date (the “Option Period”) to require, inter alia, Noble Class Group Limited to sell up to 7,500,000 existing Shares to such person(s) and in such numbers as CPY International in its sole and absolute discretion (for and on behalf of the Underwriters) may direct. The Over-allocation Option shall be exercised by written notice (the “Option Notice”) served by CPY International (on behalf of the Underwriters) on the Company and Noble Class Group Limited at any

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time during the Option Period. Upon receipt of a certified copy of the Option Notice which sets out the number of existing Shares required to be delivered by Noble Class Group Limited (the “Over-allocation Sale Shares”), the time, date and method of payment and delivery of such Shares, HSBC Trustee (Hong Kong) Limited, being the escrow agent, is authorised by CPY International and Noble Class Group Limited and is obliged to deliver the share certificates in respect of the Over-allocation Sales Shares representing the Over-allocation Sale Shares in accordance with the time, date and method of delivery as set out in the Option Notice.

Noble Class Group Limited, Sunrise International (Holdings) Limited, Arawak Trust Company Limited, AMS Trustees Limited, Mr. Lau, Mr. Yip, Mr. Lai, Mr. Wong and Mr. Fung have undertaken to the Company, Core Pacific - Yamaichi (in its capacity as the international coordinator and sponsor of the Placing), the Underwriters and the Stock Exchange that within the Management Relevant Period they will not, save as provided in Rule 13.17 of the GEM Listing Rules, dispose of (or enter into an agreement to dispose of), distribute any interest nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their respective direct or indirect interests in the Company.

Noble Class Group Limited has undertaken to the Company, Core Pacific - Yamaichi (in its capacity as the international coordinator and sponsor of the Placing), the Underwriters and the Stock Exchange that within the Management Relevant Period it will not dispose of its 76.5% shareholding (assuming the Over-allocation Option referred to on page 111 of this prospectus is not exercised) in the Company.

Sunrise International (Holdings) Limited has undertaken to the Company, Core Pacific - Yamaichi (in its capacity as the international coordinator and sponsor of the Placing), the Underwriters and the Stock Exchange that it will not dispose of its direct interest in Noble Class Group Limited within the Management Relevant Period.

Arawak Trust Company Limited has further undertaken to the Company, Core Pacific - Yamaichi (in its capacity as the international coordinator and sponsor of the Placing), the Underwriters and the Stock Exchange that they will not accept additional beneficiary nor remove any of the existing beneficiaries, and will not distribute nor dispose of (or enter into any agreement to dispose of) any trust property under the relevant trust during the Management Relevant Period pursuant to the relevant GEM Listing Rules.

AMS Trustees Limited has further undertaken to the Company, Core Pacific - Yamaichi (in its capacity as the international coordinator and sponsor of the Placing), the Underwriters and the Stock Exchange that they will not accept additional beneficiary nor remove any of the existing beneficiaries, and will not distribute nor dispose of (or enter into any agreement to dispose of) any trust property under the relevant trust during the Management Relevant Period pursuant to the relevant GEM Listing Rules.

### **Commission and expenses**

The Underwriters will receive an underwriting commission of 3% of the Placing Price of all the Placing Shares (out of which each Underwriter will pay its own sub-underwriting commissions). In addition, Core Pacific - Yamaichi will receive a financial advisory and documentation fee for acting as the Sponsor to the Placing. Such commission and fee, together with the Stock Exchange listing fees, the Stock Exchange transaction levy payable by the Company, legal and other professional fees and printing and other expenses relating to the Placing, which are estimated to amount in aggregate to approximately HK\$8.6 million which the Placing to be raised (assuming the Over-allocation Option

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by which up to 7,500,000 existing Shares are to be sold by Noble Class Group Limited to the Underwriters is not exercised). If the Over-allocation Option is not exercised, the Group will bear 75% while the Vendors will bear 25% of such commission, fees and expenses. If the Over-allocation Option is exercised in full, the Group will bear 65.22% while the Vendors will bear 21.74% and Noble Class Group Limited will bear 13.04% of such commission, fees and expenses.

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

A sponsor agreement dated 11th August, 2000 was entered into between Core Pacific - Yamaichi and the Company whereby the Company has appointed Core Pacific - Yamaichi to act as its sponsor for the purposes of the GEM Listing Rules for a fixed term period covering at least the remainder of the financial year during which the listing occurs and the two financial year thereafter pursuant to which Core Pacific - Yamaichi will receive a fee.

Save as provided for under the Underwriting Agreement, neither Core Pacific - Yamaichi nor its associates have 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).

No director or employee of Core Pacific - Yamaichi 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 by any such director or employee pursuant to the Placing).

Neither Core Pacific - Yamaichi nor 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 save and except for the receipt of underwriting and placing commission by CPY International, one of the Underwriters to the Placing, and the documentation and financial advisory fee to be received by Core Pacific - Yamaichi pursuant to the Underwriting Agreement.

No director or employee of Core Pacific - Yamaichi has a directorship in the Company or any other company in the Group.

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

Save as provided for under the Underwriting Agreement and disclosed otherwise in this prospectus, none of the Underwriters has any shareholding interests in 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-allocation Option**

Noble Class Group Limited has granted CPY International the Over-allocation Option, exercisable by CPY International, on behalf of the Underwriters within 30 days after the date of this prospectus, to require Noble Class Group Limited to sell up to an aggregate of 7,500,000 existing Shares which are equivalent to 15% of the Placing Shares (other than the Over-allocation Shares) or approximately 13.04% of the Placing Shares (assuming the Over-allocation Option is exercised in full), at the Placing Price solely to cover over-allocations in the Placing, if any.