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## **UNDERWRITING**

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### **UNDERWRITERS**

SBI E2-Capital Securities Limited, Celestial Capital Limited, Kim Eng Securities (Hong Kong) Limited, Core Pacific-Yamaichi International (H.K.) Limited, First Shanghai Securities Limited, GC Securities Limited, ICEA Capital Limited, Kingston Securities Limited, Kingsway SW Securities Limited, OpenIBN (HK) Limited, Pacific Foundation Securities Limited, Quest Stockbrokers (HK) Limited and South China Securities Limited.

### **UNDERWRITING ARRANGEMENTS AND EXPENSES**

#### **Underwriting Agreement**

Pursuant to the Underwriting Agreement, the Company is offering the Placing Shares for subscription by investors who are professional, institutional and private investors on and subject to the terms and conditions set out in the Underwriting Agreement, all at the Issue Price.

Pursuant to the Underwriting Agreement and subject to (i) the GEM Listing Committee granting listing of and permission to deal in the Shares in issue and the Shares to be issued as mentioned herein on or before 5 December 2001; (ii) the Issue Price being determined by the Company and SBI E2-Capital Securities (on behalf of the Joint Lead Managers and the Underwriters) on or about 28 November 2001 (or any time not later than 9:30 p.m. on 2 December 2001 as may be agreed between the Company and SBI E2-Capital Securities on behalf of the Joint Lead Managers and the Underwriters); and (iii) to certain other conditions set out in the Underwriting Agreement, the Underwriters have severally agreed to subscribe or procure places to subscribe for the Placing Shares according to their respective underwriting commitment.

#### **Grounds for termination**

The Joint Lead Managers for themselves and on behalf of the Sponsors and the Underwriters are entitled to terminate the Underwriting Agreement by notice in writing to the Company which may be given at any time up to 5:00 p.m. on the day immediately preceding the date on which dealing in the Shares first commence on the Stock Exchange upon occurrence of any of the following events at or prior to such time:

- (i) there shall develop, occur 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, which in the absolute opinion of the Joint Lead Managers on behalf of the Underwriters has or may have a material adverse effect on the business or financial conditions or prospects of the Group taken as a whole;

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- (b) any change in Hong Kong, the PRC and Taiwan financial, political, military, industrial or economic conditions or prospects which in the absolute opinion of the Joint Lead Managers on behalf of the Underwriters has or may have a material adverse effect on the business or financial condition of the Group taken as a whole or has or may have a material adverse impact on the securities market in Hong Kong; or
- (c) any change in the conditions of the Hong Kong or international securities markets (or in conditions affecting a sector only of any such markets) including, for the avoidance of doubt, any significant adverse change in the index level or volume of turnover of any such markets; or
- (d) without prejudice to sub-paragraph (b) or (c) above, 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) a change or development involving a prospective change in Hong Kong, the British Virgin Islands, the PRC, Taiwan, the Cayman Islands or other jurisdiction in taxation or exchange controls which will or can reasonably be expected to materially and adversely affect the Group as a whole or the present or prospective shareholders of the Company in their capacity as such;

and any such event, in the absolute opinion of the Joint Lead Managers on behalf of the Underwriters, has or may have a material adverse effect on the success of the Placing, or makes it inadvisable or inexpedient to proceed with the Placing; or

- (ii) there comes to the notice of the Sponsors, the Joint Lead Managers and/or the Underwriters any matter or event showing any of the representations and warranties contained in the Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Joint Lead Managers (on behalf of the Underwriters) to be material or showing any of the undertakings contained in the Underwriting Agreement or other obligations or undertakings expressed to be assumed by or imposed on the Company, the Initial Management Shareholders named therein and the executive Directors under the Underwriting Agreement not to have been complied with in any respect considered by the Joint Lead Managers to be material; or
- (iii) any material statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any respect; or

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- (iv) matters have arisen or have been discovered which would, if this prospectus was to be issued at that time, constitute a material omission therefrom; or
- (v) there is any adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the absolute opinion of the Joint Lead Managers (on behalf of the Underwriters) is material in the context of the Placing.

### Undertakings

- (i) Each of Team Drive, Peace City, Dr. Chiang, Advance New Technology, PolyU, Dr. Pau and Mr. Shah Tahir Hussain, has severally undertaken with the Company, the Sponsors, the Joint Lead Managers and the Underwriters that:
  - (a) she, he or it shall not and shall procure that none of her, his or its associates and the companies controlled by her, him or it or nominees or trustees holding in trust for her, him or it shall sell, transfer or otherwise dispose of (or enter into any agreement to dispose of), save pursuant to a pledge or charge to an authorised institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (the “Banking Ordinance”) as security for a bona fide commercial loan, any of her, his or its Relevant Securities or any interest therein, or any shares held directly or indirectly by her, him or it or her, his or its associates, in any company controlled by her, him or it which is the beneficial owner of any of the Relevant Securities or interests nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of her, his or its direct interest in the Relevant Securities during a period of 12 months from the Listing Date or, in the case of Mr. Shah Tahir Hussain, during a period of six months from the Listing Date;
  - (b) she, he or it shall enter into an escrow agreement with an escrow agent acceptable to the Stock Exchange and the Joint Lead Managers and place in escrow, with such escrow agent, her, his or its Relevant Securities during the restriction period applicable to her, him or it as referred to in sub-paragraph (a) above;
  - (c) for a further period of six months commencing on the date when the restriction under the sub-paragraph (a) above applicable to her, him or it lapses, she, he or it shall not and shall procure that none of her, his or its associates and companies controlled by her, him or it or nominees or trustees holding in trust for her, him or it will, without the prior written consent of the Sponsors on behalf of the Joint Lead Managers and the Underwriters (such consent not to be unreasonably withheld or delayed), sell, transfer or dispose of, save pursuant to a pledge or charge to an authorised institution under the Banking Ordinance as security for a bona fide commercial loan,

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any Relevant Securities or any interests therein or sell, transfer, dispose of, save pursuant to a pledge or charge to an authorised institution under the Banking Ordinance as security for a bona fide commercial loan any shares in any company controlled by her, him or it which is the beneficial owner of such Relevant Securities if, immediately following such sale, transfer and disposal any of them either individually or taken together with the others of them, would cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of the Company;

- (ii) Each of the Initial Management Shareholders hereby severally undertakes to and covenants with the Company, the Sponsors, the Joint Lead Manager and the Underwriters that:
- (a) in the event that she, he or it disposes of her, his or its Relevant Securities after the restriction under paragraph (i) applicable to her, him or it lapses, all reasonable steps will be taken to ensure that such disposal will not create a false or disorderly market in the Shares; and
  - (b) in the event that she, he or it pledges or charges any direct or indirect interest in the Relevant Shares or in any shares in any company controlled by her, him or it which is the beneficial owner of the Relevant Securities within a period commencing on the date of the Underwriting Agreement and ending on the date when the restriction under paragraph (i) applicable to her, him or it lapses, she, he or it must inform the Company, the Sponsors and the Joint Lead Managers immediately thereafter, disclosing to the Company, the Sponsors and the Joint Lead Managers the details of such pledge or charge including the number and class or securities being pledged or charged and the purpose for which the pledge or charge is made and in the event that she, he or it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest, of such disposal or such intention to dispose and the number of securities affected.

The Company undertakes to and covenants with the Sponsors, the Joint Lead Managers and the Underwriters that, and each of the Initial Management Shareholders and the executive Directors undertakes and covenants with the Sponsors, the Joint Lead Managers and the Underwriters to procure, without the prior written consent of the Joint Lead Managers on behalf of the Underwriters, that the Company will not, save pursuant to the Placing, the grant of option under the Share Option Schemes, the issue of Shares pursuant to the Capitalisation Issue, the exercise of the ANT-Option, the exercise of the Over-allotment Option or the exercise of any option granted under the Share Option Schemes or any capitalisation issue or any consolidation, sub-division or capital reduction of Shares or by way of scrip dividend schemes or other similar arrangement in accordance with the articles of association of the Company: (a) within the period of six months from the Listing Date, issue or agree to issue any Shares or any other securities in the Company or grant or agree to grant any options,

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warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, Shares or any other securities of the Company; and (b) at any time during the period of 12 months from the Listing Date, issue any Shares or any other securities of the Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for Shares or securities in the Company so as to result in the Initial Management Shareholders either individually or taken together with the others of them cease to be controlling shareholders (within the meaning of the GEM Listing Rules) of the Company.

Each of the Company, the Initial Management Shareholders and the executive Directors undertakes to and covenants with the Sponsors, Joint Lead Managers and the Underwriters that save with the prior written consent of the Sponsors on behalf of the Underwriters, no company in the Group will within the period of six months from the Listing Date purchase any Shares or any other securities of the Company.

### **Commission and expenses**

The Underwriters will receive a commission on 3% on the Issue Price of all the Placing Shares, out of which they will pay any sub-underwriting commissions and selling concessions. The Sponsor and the Co-sponsor will in addition receive advisory and documentation fees. The underwriting commission, advisory and documentation fees, the GEM listing fee, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees together with applicable printing and other expenses relating to the Placing are estimated to amount to a total of approximately HK\$8.0 million (assuming that the Over-allotment Option is not exercised), and are payable by the Company.