

UNDERWRITERS

Names of Hong Kong Underwriters:

CLSA Limited
Cazenove Asia Limited
Daiwa Securities SMBC Hong Kong Limited
BCOM Securities Company Limited
First Shanghai Securities Limited
SBI E2-Capital Securities Limited
Shenyin Wanguo Capital (H.K.) Limited
SinoPac Securities (Asia) Limited
South China Securities Limited
Tai Fook Securities Company Limited

Names of International Placing Underwriters:

CLSA Limited
Cazenove Asia Limited
Daiwa Securities SMBC Hong Kong Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

(a) Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Offering, the Company is offering 30,456,000 Hong Kong Offer Shares (subject to adjustment) for subscription by way of a Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the related application forms.

Subject to (i) the Listing Committee granting listing of, and permission to deal in the Shares (subject to allotment) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related application forms, for the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing from the Global Co-ordinator (for itself and on behalf of the Hong Kong Underwriters) if any of the following events occur prior to 8:00 a.m. on the Listing Date:

- (1) there shall develop, occur, exist or come into effect:
 - (i) 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 of any relevant jurisdiction; or

UNDERWRITING

- (ii) any change or development involving a prospective change, or any event or series of events resulting in any change in local, national, international, financial, political, economic, military, industrial, fiscal, regulatory or stock market conditions or currency exchange controls or exchange rates (including but not limited to a devaluation of the Hong Kong dollar against any foreign currencies) in Hong Kong, the PRC, the United States or any other relevant jurisdiction; or
- (iii) any change or development in the conditions of local, national or international equity securities or other financial markets; or
- (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange or the New York Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) a change or development occurs involving a prospective change in taxation or the imposition of, or a change in exchange control or currency exchange rates of Hong Kong or the United States or any other relevant jurisdiction or affecting an investment in the Shares; or
- (vi) any adverse change or prospective adverse change in the business or in the financial or trading position of the Group; or
- (vii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York State level or otherwise) or the PRC or a disruption in commercial banking or securities settlement or clearance services in the United States or Hong Kong; or
- (viii) any event, or series of events, of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic (including an outbreak such as SARS and related/mutated forms), terrorism, strike, lock-out, or interruption or delay in transportation that affect Hong Kong and/or the PRC and/or the United States and/or any other relevant jurisdiction; or
- (ix) any outbreak or escalation of hostilities involving the United States, the PRC or Hong Kong or the declaration by the United States, the PRC or Hong Kong of a national emergency or war or the occurrence of any other calamity or crisis; or
- (x) any litigation or claim of any third party being threatened or instigated against any member of the Group,

which in the sole opinion (reasonably formed) of the Global Co-ordinator (on behalf of itself and the other Hong Kong Underwriters) (1) is or will or is likely to be materially adverse to the business, financial, trading or other condition or prospects of the Group taken as a whole or (2) has or will have or is likely to have a material adverse effect on the success, marketability or pricing of or

UNDERWRITING

demand for the Offering or the level of International Placing Shares or the Hong Kong Offer Shares being applied for or accepted or the distribution of International Placing Shares or the Hong Kong Offer Shares or (3) makes it impracticable to proceed with the Offering or the delivery of the Hong Kong Offer Shares or the International Placing Shares on the terms contemplated by this prospectus;

- (2) there is any matter or event showing any of the warranties contained in the Hong Kong Underwriting Agreement to be untrue or misleading in any material respect when first given or repeated;
- (3) there is any material breach on the part of any party to the Hong Kong Underwriting Agreement (other than the Hong Kong Underwriters and the Sponsor) of any of the provisions of the Hong Kong Underwriting Agreement or on the part of any party to the International Placing Underwriting Agreement (other than the International Placing Underwriters) of any of the provisions of the International Placing Underwriting Agreement;
- (4) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom;
- (5) any statement contained in this prospectus has become or been discovered to be materially untrue, incorrect or misleading in any material respect; or
- (6) there shall have occurred any event, act or omission which gives or is likely to give rise to any material liability of any of the Company, 3WH Limited, Effective Convey Limited, Mr. Sham Kar Wai or Mr. Sham Kin Wai to the Global Co-ordinator pursuant to the indemnity contained in the Hong Kong Underwriting Agreement,

whereupon, the Global Co-ordinator, acting for itself and on behalf of the other Hong Kong Underwriters, may in its discretion, upon giving notice to the Company and the other parties to the Hong Kong Underwriting Agreement, terminate the Hong Kong Underwriting Agreement.

Undertakings

Undertakings of the Company

The Company has undertaken to the Hong Kong Underwriters, and Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited have jointly and severally undertaken to the Hong Kong Underwriters to procure that during the period commencing on 21 February 2005, the date of the Hong Kong Underwriting Agreement (which precedes the Listing Date), and ending on the date falling 12 months after the Listing Date, except pursuant to the Offering (including the Over-allotment Option and the exercise of the subscription rights attaching to the Pre-IPO Share Options and/or any options granted under the Share Option Scheme) and unless in compliance with the requirements of the Listing Rules, the Company will not:

UNDERWRITING

- (a) allot or issue, or agree to allot or issue, Shares or other securities of the Company; or
- (b) grant or agree to grant any options, warrants or other rights to subscribe for or convertible or exchangeable into Shares or other securities of the Company; or
- (c) repurchase any Shares or other securities of the Company; or
- (d) enter into any swap or other arrangement that transfers, in whole or in part, the economic consequence of ownership of any Shares; or
- (e) offer to or agree to do any of the foregoing or announce any intention to do so,

in each such case in the period commencing on 21 February 2005, the date of the Hong Kong Underwriting Agreement (which precedes the Listing Date) and ending on the date falling six months after the Listing Date, in any circumstances, and in the period commencing six months and one day after the Listing Date and ending on the date falling 12 months after the Listing Date, without the prior written consent of the Global Co-ordinator (on behalf of the Hong Kong Underwriters) such consent not to be unreasonably withheld or delayed. In the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of 12 months immediately following the expiry of the first 12 months period after the Listing Date, it will, and Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited will procure that it will, take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

Save as disclosed in this prospectus, the Directors are not aware of any other person who will, immediately following completion of the Offering, be directly or indirectly interested in 10% or more of the Shares then in issue or have a direct or indirect equity interest in any member of the Group representing 10% or more of the equity in such entity.

Undertakings of Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited

Each of Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited has undertaken to the Company and to the Hong Kong Underwriters that during the period commencing on 21 February 2005, the date of the Hong Kong Underwriting Agreement (which precedes the Listing Date), and ending on the date falling 12 months after the Listing Date, he/she/it will not directly or indirectly and will procure that none of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it will not (save as pursuant to the stock borrowing agreement to be entered into between 3WH Limited and the Global Co-ordinator):

- (i) transfer or otherwise dispose of (including without limitation pledge, mortgage, charge, create any other security interest, lend, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of either conditionally or unconditionally, or directly or indirectly or otherwise)

UNDERWRITING

any Shares, any interest in Shares (which includes any interest in a company which holds any Shares (whether directly or otherwise)) or securities that constitute or confer the right to receive Shares or securities convertible into or exercisable or exchangeable for or repayable with Shares; or

- (ii) enter into a swap agreement or any other agreement or any transaction that transfers to another in whole or in part, directly or indirectly, the economic consequence of ownership of Shares, whether any such swap agreement or other agreement or transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or
- (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) and (ii) above; or
- (iv) announce any intention to enter into or effect any transaction referred to in paragraphs (i), (ii) or (iii) above,

in each such case in the period commencing on 21 February 2005, the date of the Hong Kong Underwriting Agreement (which precedes the Listing Date) and ending on the date falling six months after the Listing Date, in any circumstances, and in the period commencing six months and one day after the Listing Date and ending on the date falling 12 months after the Listing Date, without the prior written consent of the Global Co-ordinator (on behalf of the Hong Kong Underwriters), such consent not to be unreasonably withheld or delayed and unless in compliance with the requirements of the Listing Rules and having taken all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

Each of Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited have undertaken to the Company and the Hong Kong Underwriters that, in the event of any disposal of Shares or interest in Shares after the expiry of the 12 months period in which the restrictions above apply, he/she/it will during the period of 12 months immediately following the expiry of the first 12 months period in which the restrictions above apply inform the Company prior to any such disposal and take all reasonable steps to ensure that such a transfer or disposal will not create a disorderly or false market in the Shares.

Each of Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited have further undertaken to the Stock Exchange and the Company that within the period commencing on the date of this prospectus and ending on the date falling 12 months after the Listing Date, he/she/it shall:

- (1) when he/she/it pledges/charges any Shares of which he/she/it is shown by this prospectus to be the beneficial owners in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), immediately inform the Company of such pledge/charge together with the number of Shares so pledged/charged; and

- (2) when he/she/it receives indications, whether verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in (1) and (2) above by any of Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Yau Shuk Ching, Chingmy, 3WH Limited and Effective Convey Limited and disclose such matters by way of a press announcement.

(b) International Placing

International Placing Underwriting Agreement

In connection with the International Placing, it is expected that the Company and the Selling Shareholder will enter into an International Placing Underwriting Agreement with, among others, the International Placing Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below. Under the International Placing Underwriting Agreement, the International Placing Underwriters will severally agree to subscribe or purchase or procure subscribers or purchasers for the International Placing Shares being offered pursuant to the International Placing. The Selling Shareholder is expected to offer and sell the Sale Shares in the International Placing only and not in the Hong Kong Public Offering.

The Company intends to grant to the International Placing Underwriters an Over-allotment Option, exercisable by the Global Co-ordinator on behalf of the International Placing Underwriters no later than 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 45,682,000 additional Shares at the Offer Price in connection with over-allocations in the International Placing, if any.

Undertakings of the Selling Shareholder

With respect to any Shares held by the Selling Shareholder other than the Sale Shares, the Selling Shareholder has undertaken to the Company and the International Placing Underwriters that during the period commencing on the date of the International Placing Underwriting Agreement (which is expected to be on or around 26 February 2005 and which will precede the Listing Date), and ending on the date falling three months after the Listing Date it will not, and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will not, directly or indirectly:

- (i) transfer or otherwise dispose of (including without limitation pledge, mortgage, charge, create any other security interest, lend, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, either conditionally or unconditionally, or directly or indirectly or otherwise) any Shares, interest in Shares (which includes any interest in a company which holds any such Shares) or securities that constitute or confer any right to receive such Shares or securities convertible into or exercisable or exchangeable for or repayable with Shares;

UNDERWRITING

- (ii) enter into any swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Shares, whether any such swap agreement or other agreement or transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions referred to in paragraphs (i) and (ii) above; or
- (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above,

in such case without the prior written consent of the Global Co-ordinator (on behalf of the International Placing Underwriters), such consent not to be unreasonably withheld or delayed, and unless in compliance with the requirements of the Listing Rules and having taken all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

The Selling Shareholder has further undertaken to the Company and the International Placing Underwriters that, in the event of a disposal of Shares or any interest in Shares within the nine months after the expiry of the period in which the restrictions apply above, it will inform the Company prior to any disposal and take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the Shares.

(c) Underwriting commission

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Offer Shares (including Shares to be issued pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commission. Such fee and commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, the investor compensation levy, legal and other professional fees, printing and other expenses relating to the Offering which are currently estimated to be approximately HK\$30 million in aggregate (based on an Offer Price of HK\$1.85 per Share, being the mid-point of the stated range of the Offer Price of between HK\$1.75 and HK\$1.95 per Share and the assumption that the Over-allotment Option is not exercised) are to be borne by the Company, other than the commission, stamp duty (if any), the Stock Exchange trading fee, the SFC transaction levy, the investor compensation levy and brokerage (if any) payable in respect of the Sale Shares which shall be borne by the Selling Shareholder.

UNDERWRITERS' INTERESTS IN THE COMPANY

Other than pursuant to the Underwriting Agreements, none of the Underwriters has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.