
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

Cazenove Asia Limited (a Standard Chartered group company) (to be renamed Standard Chartered Securities (Hong Kong) Limited on or around 14 December 2009)

UBS AG, Hong Kong Branch

Co-Managers

Sun Hung Kai International Limited
Kingsway Financial Services Group Limited
OSK Securities Hong Kong Limited
VC Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Hong Kong Underwriting Agreement

Our Company is initially offering 75,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions set out in this prospectus and the Application Forms. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offer is fully underwritten on a several basis by the Hong Kong Underwriters in accordance with their respective commitments as set out in the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon, amongst other things:

- (i) the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme) and the Capitalisation Issue;
- (ii) the International Purchase Agreement having been duly executed and delivered and having become unconditional in accordance with its terms; and
- (iii) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters)).

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Grounds for termination

The Joint Global Coordinators (each for itself and together, on behalf of the Hong Kong Underwriters) are entitled to terminate the Hong Kong Underwriting Agreement upon occurrence of any of the following events before 8:00 a.m. on the Listing Date:

- (i) there develops, occurs, exists or comes into force:
 - (a) any change or development involving a prospective change or development, or any event or series of events likely to result in or represent a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions (including, without limitation, conditions in stock, credit and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, Japan, the United States, the European Union or any other relevant jurisdiction in which any member of the Group transacts any business or operates any business (the “**Relevant Jurisdictions**”); or
 - (b) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
 - (c) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption or delay in transportation, outbreak of diseases or epidemics including, but not limited to, SARS and H5N1 and such related/mutated forms, economic sanction and any local, national, regional or international outbreak or escalation of hostilities (whether or not war has been declared) or any other state of emergency, calamity or crisis) affecting any of the Relevant Jurisdictions; or
 - (d) (1) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (2) a general moratorium on commercial banking activities in New York, London, Hong Kong or the PRC, declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions; or
 - (e) any change or development involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

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- (f) any adverse change or prospective adverse change in the earnings, business, business prospects, financial or trading position, or conditions (financial or otherwise) of the Company or any member of the Group (including any litigation or claim being threatened or instigated against any member of the Group); or
- (g) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (h) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or the chairman or chief executive officer of the Company vacating his or her office in circumstances where the operations of the Group may be adversely affected; or the commencement by any regulatory or political body or organisation of any action against a Director or an announcement by any regulatory or political body or organisation that it intends to take any such action; or
- (i) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity; or
- (j) a petition is presented for the winding-up or liquidation of the Company or any member of the Group or the Company or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any member of the Group or anything analogous thereto occurs in respect of the Company or any member of the Group,

and which, in any such case in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (1) is or may be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company or the Group or, in the case of paragraph (d)(1) above, to any present or prospective shareholder of the Company in his/its capacity as such; or
- (2) has or might have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
- (3) makes or will or may make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

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- (ii) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
 - (a) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incorrect, inaccurate or misleading in any material respect; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom; or
 - (c) any matter or event showing any of the warranties given by the Company and the Covenantors in the Hong Kong Underwriting Agreement is (or would when repeated be) untrue, incorrect, inaccurate or misleading in any material respect; or
 - (d) any event, act or omission which gives or is reasonably likely to give rise to any material liability of any of the Company and the Covenantors pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement; or
 - (e) any breach on the part of the Company and the Covenantors of any of the provisions of the Hong Kong Underwriting Agreement; or
 - (f) approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.

Restrictions pursuant to the Hong Kong Listing Rules

(a) Restriction on further issue of Shares by us

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, we will not issue any further shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealing on the Hong Kong Stock Exchange (whether or not such issue of shares or securities will be completed within 6 months from the commencement of dealing), except pursuant to the Global Offering (including the exercise of the Over-allotment Option, the options to be granted under the Share Option Scheme) or for the circumstances provided under Rule 10.08 of the Hong Kong Listing Rules.

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(b) Restriction on disposal of Shares by the Controlling Shareholders

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, the Controlling Shareholders have undertaken to the Company and the Hong Kong Stock Exchange that, except pursuant to the Global Offering, the Capitalisation Issue or the Over-allotment Option and except as permitted under the Stock Borrowing Agreement:

- (1) in the period commencing on the date by reference to which disclosure of their shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, they shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which each of them is shown by this prospectus to be the beneficial owner; and
- (2) in the period of six months commencing on the date on which the period referred to in (1) above expires, they shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which each of them is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that they would cease to be a controlling shareholder (as defined under the Hong Kong Listing Rules) of the Company.

Pursuant to Note 3 to Rule 10.07(2) of the Hong Kong Listing Rules, the Controlling Shareholders have undertaken to the Company and the Hong Kong Stock Exchange that, within the period commencing on the date by reference to which disclosure of their shareholdings in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they shall:

- (1) when any of them pledges or charges any securities in our Company beneficially owned by any of them in favour of any authorised institution pursuant to Note 2 to Rule 10.07(2) of the Hong Kong Listing Rules, immediately inform our Company in writing of such pledge/charge together with the number of Shares so pledged/charged; and
- (2) when any of them receives indications, whether verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of, immediately inform our Company in writing of such indications.

The Company has undertaken to the Hong Kong Stock Exchange that as soon as it has been informed of matters referred to in paragraphs (1) and (2) above by the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with the Hong Kong Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(a) Undertaking by us

We have undertaken to the Hong Kong Underwriters that our Company shall not, and each of Kingfly Capital, Top Wisdom, Mr. Li Kwok Cheong and Mr. Li Han Chun

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(together, the “**Covenantors**”) undertakes to the Hong Kong Underwriters to procure that our Company shall not, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is twelve months from the Listing Date (the “**Lock-up Period**”), except pursuant to the Global Offering (including the Over-allotment Option), the Capitalisation Issue or the exercise of the subscription rights attaching to the options that may be granted under the Share Option Scheme, without the prior written consent of the Joint Global Coordinators (each for itself and, together, on behalf of the Hong Kong Underwriters), and subject always to the provisions of the Hong Kong Listing Rules, offer, allot or issue, sell any options or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exercisable or exchangeable for the Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription for or ownership of the Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of the Shares or such securities, in cash or otherwise or announce any intention to do any of the foregoing transactions.

In the event that our Company does any of the foregoing after the expiration of the Lock-up Period, our Company will take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

(b) *Undertaking by the Covenantors*

Each of the Covenantors undertakes to us and the Joint Global Coordinators (each for itself and, together, on behalf of the Hong Kong Underwriters):

- (1) it/he will, and will procure that its/his associates will, comply with all applicable restrictions and requirements under the Hong Kong Listing Rules on the disposal by it/him, or by any registered holder on its/his behalf, of any Shares or other securities of our Company in respect of which it/he is, or is shown in this prospectus, to be the beneficial owner (directly or indirectly);
- (2) save in connection with the Stock Borrowing Agreement and other than disclosed in this prospectus, neither it/he nor any of its/his respective associates or companies controlled by it/him has any present intention of disposing of any Shares or other securities of our Company in respect of which it/he is, or is shown in this prospectus to be, the beneficial owner (or any beneficial interest therein);
- (3) at any time during the Lock-up Period, save in connection with the Stock Borrowing Agreement and other than disclosed in this prospectus, and subject always to the provisions of the Hong Kong Listing Rules, it/he shall not, without the prior written consent of the Joint Global Coordinators (each for itself and, together, on behalf of the Hong Kong Underwriters) directly or indirectly, and shall procure that none of its/his associates or companies controlled by it/him or any nominee or trustee holding in trust for it/him shall, offer for sale, sell, transfer, contract to sell or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any charges, pledges or encumbrances or other third party rights over), or announce any intention to dispose of, any of the share capital or any other securities of the Company (including any

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interest in a company which, directly or indirectly, holds any such share capital or other securities of the Company) which are of the same class as, or convertible into or exchangeable for, or which carry a right to subscribe, purchase or acquire, or represent the right to receive, any such Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Shares, in respect of which it/he is the beneficial owner (directly or indirectly) and/or which are registered in its/his name;

- (4) it/he will take all reasonable steps to ensure that any disposal of the Shares after the Lock-up Period does not create a disorderly or false market for the Shares;
- (5) to the extent that the charge over the Shares held by Top Wisdom as described in this prospectus are released within the Lock-up Period, this undertaking shall also apply to those Shares; and
- (6) in respect of Mr. Li Kwok Cheong and Mr. Li Han Chun, each of them will not, directly or indirectly, dispose, charge or encumber any or all of their shareholding interests in Kingfly Capital and Top Wisdom, respectively, during the Lock-up Period.

Without prejudice to paragraph (3) above, each of the Covenantors further undertakes to us and the Hong Kong Underwriters that within the Lock-up Period, it/he shall:

- (1) if and when it/he pledges or charges any Shares or other securities of our Company beneficially owned by it/him, immediately inform our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (2) if and when it/he receives indications, whether verbal or written, from the pledgee or chargee that any of the Shares or other securities in our Company so pledged or charged will be disposed of, immediately inform our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) of such indication.

We shall notify the Hong Kong Stock Exchange and the Joint Global Coordinators as soon as we have been informed of any of the above matters by any of the Covenantors and, where required under the Hong Kong Listing Rules, shall disclose such matters in compliance with the Hong Kong Listing Rules as soon as reasonably practicable after being so informed by any of the Covenantors.

Indemnity

We and the Covenantors have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Purchase Agreement with the International Underwriters. Under the International Purchase Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to purchase Offer Shares being offered pursuant to the International

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Offering. It is expected that the International Purchase Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Purchase Agreement is not entered into, the Global Offering will not proceed.

Commissions and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, our Company may, at our sole discretion, pay the Hong Kong Underwriters in such proportion as we deem appropriate, an additional incentive fee.

The aggregate commissions and fees, together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$108 million (assuming an Offer Price of HK\$1.85, which is the mid-point of the indicative Offer Price range and that the Over-allotment Option is not exercised) in total and are payable by us.

Hong Kong Underwriters' Interests in our Company

Save for its obligations under the Hong Kong Underwriting Agreement and as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of our Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any other member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Hong Kong Listing Rules.