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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### Joint Bookrunners and Joint Lead Managers

BOCI Asia Limited  
ICBC International Capital Limited (in the capacity as a Joint Bookrunner) / ICBC International Securities Limited (in the capacity as a Joint Lead Manager)  
CIMB Securities Limited  
ABCI Securities Company Limited

#### Co-Managers

UOB Kay Hian (Hong Kong) Limited  
First Shanghai Securities Limited  
Sun Hung Kai Investment Services Limited  
Chief Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 71,800,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this Prospectus and the Application Forms. Subject to the Listing Committee granting the listing of, and permission to deal in, the H Shares and certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions of this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

One of the conditions is that the Offer Price must be agreed between us and the Joint Bookrunners (on behalf of the Underwriters). For applicants applying under the Hong Kong Public Offering, this Prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. If, for any reason, the Offer Price is not agreed between us and the Joint Bookrunners (on behalf of the Underwriters), the Global Offering will not proceed.

##### *Grounds for Termination*

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Joint Bookrunners that:
  - (i) any statement contained in any of this Prospectus, the Application Forms, the formal notice and the offering circulars considered by the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the above-mentioned documents is not fair and honest and based on reasonable assumptions; or

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- (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission therefrom; or
  - (iii) any of the representations and warranties given by any of the warrantors in the Underwriting Agreements is (or would when repeated be) untrue, incorrect, inaccurate or misleading or having been breached in any respect; or
  - (iv) any material breach of any of the obligations or undertakings imposed upon any party (other than the Joint Bookrunners or any of the Underwriters) to any of the Underwriting Agreements; or
  - (v) any material adverse change or prospective material adverse change or development (whether or not permanent) in the earnings, conditions, business, business affairs, assets and liabilities, properties, results of operations, profits, in the financial or trading position or prospects or performance or reputation of any member of our Group or our Group as a whole; or
  - (vi) any material litigation, regulatory or administrative investigation or claim being threatened or instigated against our Group, our Controlling Shareholder, or their respective directors and senior management, or their respective directors and senior management being disqualified by competent authorities from taking part in the management of a company; or
  - (vii) any matter, event, act or omission which gives or is likely to give rise to any material liability of any of the warrantors pursuant to the indemnities given by any of them in the Underwriting Agreements; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock 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, China, the United States, the United Kingdom, Canada, the European Union (taken as a whole), Japan or Singapore (each a **“Relevant Jurisdiction”**); or
  - (ii) any new law or regulation or any change or development involving a prospective change in any 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 Relevant Jurisdiction; or
  - (iii) any event or series of events in the nature of force majeure such as acts of government, strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcano eruption, ice-storm, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including but not limited to Severe Acute Respiratory Syndrome (**SARS**) and Influenza A (**H5N1**) or swine or avian influenza or such related/mutated forms, accident or interruption or delay in transportation), in or affecting any Relevant Jurisdiction; or
  - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

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- (v) the imposition or declaration of (A) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NYSE Amex Equities, the Nasdaq Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange or any other major international stock exchange; or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction or any jurisdiction where the stock exchange referred to in paragraph (A) above is located; or
- (vi) any change or development or event involving a prospective change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any Relevant Jurisdiction; or
- (vii) any imposition of economic or other sanctions against any member of our Group, in whatever form, directly or indirectly, by any Relevant Jurisdiction or any governmental authority of any Relevant Jurisdiction; or
- (viii) an order is granted or a petition is presented for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (ix) a valid demand by any creditor for repayment or payment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity, or any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (x) any contravention by any member of our Group of the Hong Kong Companies Ordinance or the Listing Rules or applicable Laws; or
- (xi) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares (including the additional Shares that may be allotted and issued by our Company upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xii) the chairman or any of the chief executives of our Company vacating his or her office; or

and which, in any of (b)(i) to (b)(xii) and in the sole opinion of Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters):

- (A) is or may or will be or is likely to be materially adverse to, or affects or is likely to affect or will affect materially and prejudicially, the business or financial or trading position or prospects of our Group as a whole; or
- (B) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering, and/or has made or is likely to make or will make it impracticable or inadvisable or incapable 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.

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### *Undertakings by our Company*

We have also undertaken to the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor and the Hong Kong Underwriters (and are expected to undertake to the International Underwriters) that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date, we will not, without the Joint Bookrunners' prior written consent and unless in compliance with the requirements of the Listing Rules:

- (a) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any such share capital or other securities of our Company or any interest therein (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive any such capital or securities or any interest therein) or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such share capital or securities or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) above; whether any such transaction described in (a) or (b) or (c) above is to be settled by delivery of Shares or other securities, in cash or otherwise.

### *Undertakings by our Controlling Shareholder*

Our Controlling Shareholder, SINOMACH, has undertaken to each of the Stock Exchange, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and us that it will not, save as in compliance with the requirements of the Listing Rules:

- (a) during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities in respect of which it is shown by this Prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules); and
- (b) during the period of six months immediately following the date on which the First Six-month Period expires (the "**Second Six-month Period**"), 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 or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined under the Listing Rules) of our Company.

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SINOMACH has further undertaken to each of the Stock Exchange, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, the Hong Kong Underwriters and us that, within the First Six-month Period up to and including the expiry of the Second Six-month Period, it will, in compliance with the Listing Rules:

- (a) when it pledges or charges any Shares or other securities or interests or any of the rights attaching to such share capital including but not limited to rights as to voting, dividend or distribution in the securities of our Company in respect of which it is the beneficial owner in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company and the Joint Bookrunners in writing of any such pledge or charge and the number of Shares or other securities of our Company and nature of interest so pledged or charged; and
- (b) when it receives any indications, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that any of such pledged or charged Shares or other securities of our Company will be disposed of, immediately inform us and the Joint Bookrunners in writing of any such indications.

We will also, as soon as we have been informed of the above matters (if any) by SINOMACH, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

### **The International Offering**

In connection with the International Offering, it is expected that our Company, among others, will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly and severally, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Bookrunners on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot an aggregate of 107,700,000 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allotments (if any) in the International Offering.

Potential investors should note that if the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed.

### **Commission and Expenses**

The Hong Kong Underwriters will receive an underwriting commission of 2.75% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant International Underwriters (but not the Hong Kong Underwriters).

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Assuming an Offer Price of HK\$4.75 per H Share (being the mid-point of the indicative offer price range of HK\$4.10 to HK\$5.40 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK\$183.6 million (assuming the Over-allotment Option is not exercised) in total.

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Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

#### Hong Kong Underwriters' Interests in our Company

Save as disclosed in this Prospectus and save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in any member of our Group or the right or option (whether legally enforceable or not) to subscribe for or purchase or nominate persons to subscribe for securities in any member of our Group.

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

#### Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard, and if possible, prevent a decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option.

The Stabilizing Manager may close out any covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of our H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or

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retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of our H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price, (ii) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price, (iii) subscribing, or agreeing to subscribe, for our H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, our H Shares for the sole purpose of preventing or minimizing any reduction in the market price, (v) selling our H Shares to liquidate a long position held as a result of those purchases and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Stabilizing actions by the Stabilizing Manager, its affiliate(s) or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of our H Shares, the Stabilizing Manager, its affiliate(s) or any person acting for it, may maintain a long position in our H Shares. The size of the long position, and the period for which the Stabilizing Manager, its affiliate(s) or any person acting for it, will maintain the long position are at the discretion of the Stabilizing Manager and uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our H Shares.

Stabilizing action by the Stabilizing Manager, its affiliate(s) or any person acting for it is not permitted to support the price of our H Shares for longer than the stabilizing period, which begins on the day on which trading of our H Shares commences on the Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. The stabilizing period is expected to end on January 13, 2013. As a result, demand for our H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of our H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, its affiliate(s) or any person acting for it, may not necessarily result in the market price of our H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our H Shares by the Stabilizing Manager, its affiliate(s) or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for our H Shares by purchasers.

A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.