
UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

Cinda International Securities Limited

Haitong International Securities Company Limited

Co-lead Manager

OSK Securities Hong Kong Limited

Co-Manager

VC Brokerage Limited

Public Offer Underwriters

Cinda International Securities Limited

Haitong International Securities Company Limited

OSK Securities Hong Kong Limited

VC Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public 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, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. CISL (for itself and on behalf of the other Public Offer Underwriters) has the right, in

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its sole and absolute discretion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement if it sees fit upon the occurrence of, but not limited to any of the following events:

- (a) there has come to the notice of CISL:
 - (i) that any statement contained in this prospectus or the Application Forms, considered by CISL (for itself and on behalf of the other Public Offer Underwriters) in its opinion to be material in relation to the Share Offer, was when the same was issued, or has become, untrue, incorrect or misleading in any respect or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or the Application Forms are not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by CISL (for itself and on behalf of the other Public Offer Underwriters) in its opinion to be material to the Share Offer; or
 - (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Agreement (other than on any of the Underwriters); or
 - (iv) any breach, considered by CISL in its sole and absolute opinion to be material in the context of the Share Offer, of any of the warranties contained in the Public Offer Underwriting Agreement; or
 - (v) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any members of our Group which is considered by CISL to be material in the context of the Share Offer; or
 - (vi) approval by the Listing Committee of the listing of, and permission to deal in, the Shares 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; or
 - (vii) our Company withdraws this prospectus (and/or any other documents used in connection with contemplated subscription/purchase of the Offer Shares) or the Share Offer; or
 - (viii) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus or to the issue of this prospectus; or

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- (ix) other than with the approval of CISL, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies Ordinance, the Listing Rules, the SFO or any other applicable laws, or any requirement or request of the Stock Exchange and/or the SFC; or
 - (x) any prohibition on the Company by a governmental authority for whatever reasons from offering, allotting, issuing or selling of the Offer Shares pursuant to the terms of the Share Offer; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal, regulatory, currency or market 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 revaluation or devaluation of the Renminbi or Hong Kong dollars against any foreign currencies, respectively) in or affecting Hong Kong, China, the United States, the United Kingdom, the European Union, Japan, the Cayman Islands or any relevant jurisdiction (collectively, the “Relevant Jurisdictions” and individually, a “Relevant Jurisdiction”); or
 - (ii) 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 Relevant Jurisdiction; or
 - (iii) any event or series of events in the nature of force majeure (whether or not covered by insurance or responsibility has been claimed) including, without limitation, acts of government, strikes, lock-outs, fire, explosions, flooding, earthquakes, epidemics, pandemics, outbreaks of infections, diseases, SARS and H5N1 and any related or mutated forms of infectious diseases, civil commotions, economic sanctions, public disorder, social or political crises, acts of war, acts of terrorism, acts of God, accidents or interruptions or delays 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) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the Tokyo Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or (B) a general moratorium on commercial banking activities in New York, London, Tokyo, Hong Kong, the PRC or the Cayman Islands 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
- (vi) any change or development involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (viii) any litigation, legal action or claim being threatened or instigated against any member of the Group; or
- (ix) the commencement by any governmental, law enforcement agency, regulatory or political body or organisation of any action against any Director or any member of the Group or an announcement by any governmental, law enforcement agency, regulatory or political body or organisation that it intends to take any such action; or
- (x) any 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
- (xi) the chairman or chief executive officer of the Company vacating his or her office in circumstances where the operations of the Group will be materially and may, in the sole and absolute discretion of CISL (for itself and on behalf of the Public Offer Underwriters), be adversely affected; or
- (xii) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) or any aspect of the Share Offer with the Listing Rules, the Articles of

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Association, the Companies Ordinance, the Companies Law, the SFO or any other applicable Laws by any of the warrantors under the Public Offer Underwriting Agreement; or

- (xiv) 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
- (xv) any change or development involving a prospective change, or a materialisation of, any of the risk factors set out in the section headed “Risk factors” in this prospectus,

which in each case in the opinion of CISL (for itself and on behalf of the other Public Offer Underwriters) (1) is or will or could be expected to have an adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of our Company or our Group or any members of our Group or on any present or prospective shareholder in his, her or its capacity as such; or (2) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or (3) makes it impracticable, inadvisable or inexpedient for the Share Offer to proceed or to market the Share Offer; or (4) would have the effect of making any part of the Public Offer 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 Share Offer or pursuant to the underwriting thereof.

Undertakings

Our Company has undertaken to the Stock Exchange, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Public Offer Underwriters in the Public Offer Underwriting Agreement that, except pursuant to the Share Offer, and the options which may be granted under the Share Option Scheme or with the prior written consent of CISL (for itself and on behalf of the other Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, it will not allot or issue, agree to allot or issue, shares or other securities of our Company (including warrants or other convertible or exchangeable securities) or grant or agree to grant any options, warrants or other rights to subscribe for or convertible or exchangeable into shares or other securities of our Company or repurchase shares or other securities of our Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any shares or securities of our Company or offer to or agree to do any of the foregoing or announce any intention to do so at any time during the period of six months immediately following the Listing Date and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of the six months immediately following the expiry of the first six-month period after the Listing Date, 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 our Company.

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Each of our Controlling Shareholders has undertaken to each of the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Public Offer Underwriters that, except pursuant to the Share Offer at any time following the completion of the Share Offer and until the end of the first twelve months from the Listing Date (the “**Twelve-month Period**”), it shall not, and shall procure that its Associates or companies controlled by him/it or nominees or trustees holding in trust for him/it shall not, without the prior written consent of CISL (for itself and on behalf of the Public Offer Underwriters):

- (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities of our Company convertible into or exercisable or exchangeable for, or that represent the right to receive, the Shares beneficially owned by it or the relevant company, nominee or trustee (including any interest on any shares in any company controlled by him/it) which is directly or indirectly the beneficial owner of any of the shares or securities of our Company; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of share capital of our Company; or
- (iii) agree to contract to, or publicly announce any intention to enter into, any transaction described in (i) and (ii) above,

whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of share capital of our Company or such other securities, in cash or otherwise. In the event of a disposal of any of the share capital of our Company or any interest therein referred to in (i), (ii), or (iii) above, our Controlling Shareholders shall take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares during the process of such transaction or after the completion thereof.

Each of our Controlling Shareholders has undertaken to the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement that:

- (i) it will not, without the prior written consent of the Stock Exchange, during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-month Period**”), dispose of, or 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 it is shown by this prospectus to be the beneficial owner(s) (the “**Locked-up Shares**”); and
- (ii) it will not, without the prior written consent of the Stock Exchange, within the period of six months commencing from the expiry of the First Six-month Period, dispose of, or enter into any agreement to dispose of, or otherwise create any

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options, rights, interests or encumbrances in respect of, any of the Locked-up Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of our Controlling Shareholders would cease to be a Controlling Shareholder.

Each of our Controlling Shareholders has further undertaken to each of our Company, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Public Offer Underwriters and the Stock Exchange that during the period commencing from the date of this prospectus and ending on the expiry of the Twelve-month Period, it will:

- (i) when it pledges or charges any securities or interests in the Locked-up Shares, immediately inform our Company and CISL in writing of such pledges or charges together with the number of securities and nature of interests so mortgaged or charged; and
- (ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the mortgaged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and CISL in writing of such indications.

Placing

In connection with the Placing, it is expected that our Company will enter into the Placing Agreement with, inter alia, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Agreement, the Placing Underwriters will severally agree to subscribe or procure subscribers for the Placing Shares being offered pursuant to the Placing.

Commission and expenses

The Underwriters will receive an underwriting commission of 2.5% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission will be paid.

The underwriting commissions, documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Share Offer are estimated to amount to approximately HK\$22.5 million in total, based on the Offer Price of HK\$0.87 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and are payable by our Company.

Underwriters' interests in the Company

Save as disclosed under the paragraph headed "Sole Sponsor's interests in the Company" below and as contemplated under the Underwriting Agreements, as at the Latest Practicable Date, none of the Underwriters was interested, directly or indirectly, in any

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shares or securities in any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of the Group.

Sole Sponsor's interests in the Company

Save as pursuant to the Underwriting Agreements and as disclosed in this prospectus, neither the Sole Sponsor nor any of its associates is interested, directly or indirectly, in any shares or securities in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of the Group.

No director or employee of any of the Sole Sponsor who is involved in providing advice to the Company has or may, as a result of the Share Offer, have any interest in any class of securities of the Company or any other member of 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 for by any such director or employee of the Sole Sponsor pursuant to the Public Offer).

None of the Sole Sponsor or any of its associates has accrued any material benefit as a result of the successful outcome of the Share Offer, including by way of example, the repayment of material outstanding indebtedness or success fees, other than the following:

- (i) the financial advisory and documentation fees to be paid to the Sole Sponsor; and
- (ii) certain associates of the Sole Sponsor, whose ordinary business involves the trading of and dealing in securities, may be involved in the trading of and dealing in the securities in the Company.

No director or employee of the Sole Sponsor has a directorship in the Company or any other member of the Group.