
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

China Merchants Securities (HK) Co., Limited
Oriental Patron Securities Limited

Co-Lead Manager

First Shanghai Securities Limited

Co-Managers

CMB International Capital Limited
RaffAello Securities (HK) Limited
South China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer***Hong Kong Underwriting Agreement***

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on the terms and subject to the conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator (on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Placing Agreement having been signed and becoming unconditional.

Grounds for termination

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) may in its sole and absolute discretion terminate the Hong Kong Underwriting Agreement by notice in writing given to our Company if, at any time before 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into force:
 - (i) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in any local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal, regulatory or market conditions (including, without

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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 or credit 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, the United States, any member of the European Union, the Cayman Islands, the BVI or any other jurisdiction relevant to any member of our Group (collectively the “**Relevant Jurisdictions**”); or

- (ii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings of any court, government, governmental or regulatory authority (including, without limitation, the Stock Exchange) (the “**Laws**”) or change or development involving a prospective change or any event or series of events resulting in or representing a change or a development involving a prospective change in (or in the interpretation or application of the Laws by any court or other competent authority of) existing Laws in or affecting any of the Relevant Jurisdictions; or
- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of terrorism (whether or not responsibility has been claimed), acts of God,) in or affecting any of the Relevant Jurisdictions; or
- (iv) (1) any suspension of, or limitation on, the trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American 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 Hong Kong, New York, London, Tokyo, or the PRC, declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States or by any member of the European Union on any of the Relevant Jurisdictions; or
- (vi) any change or development involving a prospective change in or affecting taxation or exchange controls, currency exchange rates or foreign investment regulations, or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (vii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or

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- (viii) the commencement by any regulatory body or organisation of any public action against a Director or any member of our Group or an announcement by any regulatory body or organisation that it intends to take any such action; or
- (ix) any litigation or claim being threatened or instigated against any member of our Group; or
- (x) a Director being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer of our Company vacating his office; or
- (xii) a contravention by any member of our Group of the applicable Laws; or
- (xiii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares under the terms of the Global Offering; or
- (xiv) non-compliance of this prospectus, (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or
- (xv) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) under the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable before its stated maturity; or
- (xvii) an order or petition is presented for the winding up or liquidation of any member of our Group or any member of our 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 any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the material assets or undertaking of any member of our Group or any analogous matter occurs in respect of any member of our Group; or

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which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters),

- (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or
 - (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or
 - (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or
 - (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Sole Global Coordinator after the date of the Hong Kong Underwriting Agreement:
- (i) any statement contained in any of this prospectus, the Application Forms, the preliminary international offering circular, the final international offering circular, the web proof information pack and the formal notice, together with any announcements, documents, materials, communications or information whatsoever made, given, released or issued arising out of, in relation to or in connection with the Global Offering (whether or not approved by the Sole Global Coordinator or the Sole Bookrunner or any of the Hong Kong Underwriters), or, in each case, any supplement or amendment thereto (the "**Offer Documents**") was, when it was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecast, estimate, expression of opinion, intention or expectation contained in any Offer Document is not, in the sole and absolute opinion of Sole Global Coordinator, fair and honest and based on reasonable assumptions; or
 - (ii) 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 the Offer Documents, constitute a material omission in the sole and absolute opinion of the Sole Global Coordinator; or
 - (iii) any breach of, or any event or circumstances rendering untrue or incorrect in any material respect, any of the representations, warranties and undertakings set out in the Hong Kong Underwriting Agreement; or

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- (iv) any breach of any of the obligations, warranties or undertakings imposed on any party to the Hong Kong Underwriting Agreement or the International Placing Agreement (other than on any of the Hong Kong Underwriters or the International Underwriters); or
- (v) any material adverse change or development involving a prospective adverse change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any member of our Group as a whole; or
- (vi) approval by the listing committee of the Stock Exchange 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 Listing Date or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (vii) any event, act or omission which gives rise or is likely to give rise to any material liability of our Company pursuant to the indemnities contained in the Hong Kong Underwriting Agreement; or
- (viii) our Company withdraws this prospectus (and any other documents used in connection with the Global Offering) or the Global Offering.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except under the Capitalisation Issue and the Global Offering (including the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 10.08(1) to Rule 10.08(4) of the Listing Rules.

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(B) Undertakings by the Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that except under the Global Offering or the Over-allotment Option, (a) it will not, at any time during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares in respect of which it is shown by this prospectus to be the beneficial owners; and (b) it will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it will then cease to be our Controlling Shareholder.

Note (2) to Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder from using securities of an issuer beneficially owned by it as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note (3) of Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange that it will, within a period of 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by it in favour of any authorised institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders or their shareholders and disclose such matters by way of a public announcement in accordance with the Listing Rules and, if applicable, the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO after being so informed by any of our Controlling Shareholders or their respective shareholders.

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Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by us

We hereby undertake with the Sole Sponsor and the Hong Kong Underwriters that, until the end of the period of six months commencing on the Listing Date (the “**First Six-month Period**”), except pursuant to the Global Offering, the Capitalisation Issue, the Over-allotment Option and the grant or exercise of options under the Share Option Scheme, we will not, and will procure each member of our Group not to, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (the “**Encumbrance**”), or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any shares or other securities of any member of our Group, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of any member of our Group, as applicable), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts;
- (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 such share capital or securities or any interest therein;
- (c) enter into any transaction with the same economic effect as any transaction referred to in paragraph (a) or (b) above; or
- (d) offer, agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (a), (b) or (c) above,

whether any of such transactions described above is to be settled by delivery of share or such other securities, in cash or otherwise. In the event that our Company enters into any such transaction within the period of six months commencing after the expiry of the First Six-month Period (the “**Second Six-month Period**”), our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

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(B) Undertaking by the Warranting Shareholders

Each of the Warranting Shareholders jointly and severally agrees and undertakes with each of the Sole Sponsor and the Hong Kong Underwriters that, except pursuant to the Global Offering, the Capitalisation Issue, the Over-allotment Option or if applicable, the Stock Borrowing Agreement, none of the Warranting Shareholders will and, will procure that none of its associates will, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters), at any time during the First Six-month Period and the Second Six-month Period:

- (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts;
- (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 share or debt capital or other securities of our Company or any interest therein;
- (c) enter into any transaction with the same economic effect as any transaction referred to in paragraph (a) or (b) above; or
- (d) offer or agree or contract to, or publicly announce any intention to enter into, any transaction referred to in paragraph (a), (b) or (c) above,

whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise.

After the expiry of the Second Six-month Period, in the event that any of the Warranting Shareholders enters into any of the foregoing transactions, it will take all reasonable steps to ensure that it/he will not create a disorderly or false market in the Shares or other securities of our Company.

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Each of the Warranting Shareholders has further undertaken to our Company, the Sole Sponsor and the Hong Kong Underwriters that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (a) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any share capital or other securities of our Company or any interests therein in respect of which it is the beneficial owner, immediately inform our Company and the Sole Sponsor in writing of such pledge or charge together with the number of shares or other securities so pledged or charged; and
- (b) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged shares or securities or interests in the shares or other securities of our Company will be disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

We agree and undertake to the Sole Sponsor that we will inform the Stock Exchange and the Sole Sponsor in writing as soon as we have been informed of any of the matters referred to above (if any) by the Warranting Shareholders and disclose such matters by way of a press announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible and if applicable, the Inside Information Provision (as defined in the Listing Rules) under the SFO after being so informed by any of the Warranting Shareholders or their respective shareholders.

Indemnity

We and the Warranting Shareholders 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.

International Placing

International Placing Agreement

In connection with the International Placing, we among others, expect to enter into the International Placing Agreement with the International Underwriters. Under the International Placing Agreement, the International Underwriters, subject to certain conditions, will agree severally but not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Placing Shares being offered under the International Placing.

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Under the International Placing Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time, and from time to time, on or before the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 30,000,000 additional Shares, representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering. These additional Shares will be issued at the Offer Price and will be for the purpose of, among others, covering over-allocations in the International Placing, if any.

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

We will agree to indemnify the International Underwriters against certain liabilities.

Commissions and expenses

The Hong Kong Underwriters will receive a gross commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by our Company in relation to the new Shares to be issued in relation to the Global Offering.

The aggregate commissions (exclusive of any discretionary incentive fees), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated amount to approximately HK\$36.3 million (assuming an Offer Price of HK\$1.25, which is the midpoint of the indicative Offer Price range and that the Over-allotment Option is not exercised) in total and are payable by us.

Underwriters' interest in our Group

Somerley Capital Limited has been appointed as the compliance adviser of our Company with effect from the Listing Date and our Company shall pay an agreed fee to Somerley Capital Limited for its provision of services.

Save for their obligations under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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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.

Sole Sponsor independence

As at the Latest Practicable Date, China Merchants Securities Investment Management (HK) Co. Ltd., being a fellow subsidiary of the Sole Sponsor, has granted to our Group a loan facility in the aggregate amount of up to HK\$50.0 million. Please refer to the section headed “Financial Information—Indebtedness—Borrowings” for further information regarding the loan facility.

China Merchants Securities Investment Management (HK) Co. Ltd. is a fellow subsidiary of the holding company of the Sole Sponsor, China Merchants Securities International Company Limited, therefore a member of the “sponsor group” as defined under Chapter 3A of the Listing Rules. Accordingly, the loan facility of up to HK\$50.0 million from China Merchants Securities Investment Management (HK) Co. Ltd. to our Group constitutes a debt due to the sponsor group. Other than such facility, there is no other debt or guarantee between any members of our Group and the sponsor group.

In light of the above, and having considered the circumstances set out in Rule 3A.07 of the Listing Rules, the Sole Sponsor confirms that (i) as set out in the section headed “Future Plans and Use of Proceeds—Use of Proceeds”, the proceeds from the Global Offering will not be applied to settle the loan facility from China Merchants Securities Investment Management (HK) Co. Ltd.; (ii) the aggregate amount of debt due to the sponsor group does not exceed 30% of the total assets of our Company based on the amount of total assets of our Company as at 30 June 2013 shown in the consolidated financial statements of our Company set out in Appendix I to this prospectus or 10.0% of the total assets shown in the latest consolidated financial statement of the holding company, China Merchants Securities International Company Limited; and (iii) there is no guarantee given by the sponsor group on behalf of our Group, the Controlling Shareholders and any associate of the Controlling Shareholders.

Accordingly, the Sole Sponsor confirms that it satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

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ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Global Offering (the “**Syndicate Members**”) and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilising period described in the section headed “Structure of the Global Offering—Stabilisation” in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.