
UNDERWRITING

UNDERWRITERS

Hong Kong Underwriters

China International Capital Corporation (Hong Kong) Limited
Merrill Lynch Far East Limited
The Hongkong and Shanghai Banking Corporation Limited
ICEA Capital Limited
China Everbright Securities (HK) Limited
DBS Asia Capital Limited
First Shanghai Securities Limited
Guangdong Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Kingsway Financial Services Group Limited
Tai Fook Securities Company Limited

International Underwriters

China International Capital Corporation Limited
Merrill Lynch International
Daiwa Securities SMBC Hong Kong Limited
CLSA Limited
Deutsche Bank AG, Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Cazenove Asia Limited
CIBC Asia Limited
Core Pacific – Yamaichi International (H.K.) Limited
ECM Libra Securities Limited
ICEA Capital Limited
Macquarie Securities Limited
Shenyin Wanguo Capital (H.K.) Limited

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UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We are offering the 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 at the Offer Price. Subject to the Listing Committee granting listing of, and permission to deal in, the H Shares to be issued as mentioned herein, and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Underwriters) and us and the Selling Shareholders agreeing on the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to procure subscribers for or failing which, to subscribe for themselves, the Hong Kong Offer Shares 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 Purchase Agreement having been signed and becoming unconditional.

Grounds for Termination

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

- (i) there shall develop, occur, exist or come into effect:
 - (a) any new laws, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings of any court, government, governmental or regulatory authority, agency or body (including without limitation, the Hong Kong Stock Exchange) (the “Laws”) or any change in any existing laws or any change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction; or
 - (b) any change or development in the conditions of the PRC, Hong Kong, Japan, the U.S. or the UK equity securities markets; or
 - (c) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in any change or development in local, national or international financial, political, military, industrial, economic, regulatory, currency or market conditions in the PRC, Hong Kong, Japan, the U.S. or the UK (including but not limited to a devaluation of Renminbi against any foreign currencies or a change in any other currency exchange rates); or
 - (d) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Hong Kong Stock Exchange, the Tokyo Stock Exchange, the New York Stock Exchange, Inc. or the London Stock Exchange, or any material disruption in commercial banking or securities settlement, payment or clearance services or procedures in the PRC, Hong Kong, Japan, the U.S. or the UK due to exceptional financial circumstances or otherwise; or

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- (e) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the PRC, Hong Kong, Japan, the U.S. or the UK; or
- (f) any general moratorium on commercial banking activities in the PRC, Hong Kong, Japan, the U.S. or the UK shall have been declared by the relevant authorities; or
- (g) any imposition of economic sanctions, in whatever form, by the U.S. on the PRC, Hong Kong, Japan or the UK; or
- (h) the outbreak or escalation of hostilities involving the PRC or Hong Kong or Japan or the U.S. or the UK or the declaration by the PRC, Hong Kong, Japan, the U.S. or the UK, of a national emergency or war or any other national or international calamity or crisis; or
- (i) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock out involving the PRC, Hong Kong, Japan, the U.S. or the UK; or
- (j) any adverse change, or any development or event involving a prospective adverse change in the business or in the financial or trading position or properties or results of operations of the Group; or
- (k) any material litigation or claim being instigated against any member of the Group, which, individually or in the aggregate and in the sole opinion of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters):
 - (1) is or will or is likely to be materially adverse to the business, financial or other condition or prospects of the Group taken as a whole or, in the case of paragraph (e) above, to any present or prospective shareholder in his capacity as such; or
 - (2) has or will have or is likely to have a material adverse effect on the success of any of the Hong Kong Public Offering or the International Offering or the full subscription and purchase of all of the Offer Shares; or
 - (3) makes it inadvisable or impracticable to proceed with any of the Hong Kong Public Offering or the International Offering; or
- (ii) any statement contained in this Prospectus or the Application Forms becomes or is discovered to be untrue, inaccurate or misleading in any material respect with reference to the facts and circumstances then subsisting; or
- (iii) any matter or event arising or having been discovered rendering or there coming to the notice of any of the Joint Global Coordinators, the Joint Sponsors or the Hong Kong Underwriters any matter or event showing any of the warranties given by the Company, or CNAHC in the Hong Kong Underwriting Agreement to be untrue or misleading or having been breached in any material respect when given or repeated; or
- (iv) there shall have occurred any matter or event, act or omission which gives rise or is likely to give rise to any material liability of any of the Company or CNAHC

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pursuant to the indemnities contained in the Hong Kong Underwriting Agreement; or

- (v) any material breach on the part of the Company and/or the covenantors named in the Hong Kong Underwriting Agreement of any of the provisions of the Hong Kong Underwriting Agreement.

Undertakings

We undertake to each of the Joint Global Coordinators, Joint Sponsors and Hong Kong Underwriters that, and CNAHC undertakes to procure that:

- (i) within the first six months from the Listing Date, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), or with the prior written consent of the Joint Global Coordinators and of the Hong Kong Stock Exchange and only after the consent of the relevant PRC authorities has been obtained (if so required), and unless in compliance with the requirements of the Hong Kong Listing Rules, we will not (a) offer, pledge, charge, allot, issue, sell, contract to allot, issue or 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 or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities (including warrants or other securities convertible into or exercisable or exchangeable for or that represent the right to receive any of the Shares); or (b) enter into any swap or other arrangement that transfer to another, in whole or in part, any of the economic consequences of ownership of any Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise, or offer or agree to do any of the foregoing, or announce any intention to do so; and
- (ii) in the event of an issuance or disposal by us of any of the foregoing as set out in paragraph (i) above by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six-month period after the Listing Date, we 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.

CNAHC has undertaken to us and the Hong Kong Stock Exchange that, except pursuant to the Global Offering or the Over-allotment Option:

- (i) during the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this Prospectus and ending on the date which is six months after the Listing Date, it will 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 our securities in respect of which it is shown by this Prospectus to be the beneficial owner; and
- (ii) during the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, it will 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 our securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or

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encumbrances, CNAHC would cease to be our controlling shareholder (as defined in the Hong Kong Listing Rules).

Each of CNAHC and CNACG undertakes to each of us, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that:

- (i) except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing from the date of the Prospectus and ending on the date which is six months from the Listing Date (the “First Period”), it will not, and shall procure that the relevant registered holder(s) will not without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Hong Kong Listing Rules, (a) offer, pledge, charge, 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 or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or other securities of the Company (or, for CNAHC only, shares in the capital of CNACG (“CNACG Shares”)) held by it that are convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or CNACG Shares (as the case may be) or such other securities; 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 such Shares or CNACG Shares (as the case may be), whether any of the foregoing transactions is to be settled by delivery of Shares or CNACG Shares (as the case may be) or such other securities, in cash or otherwise;
- (ii) it will not, without the prior written consent of the Hong Kong Stock Exchange in the six-month period commencing on the expiry of the First Period set out in paragraph (i) above, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares (or, for CNAHC only, CNACG Shares) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, CNAHC would cease to be a controlling shareholder (as defined in the Hong Kong Listing Rules) of the Company; and
- (iii) in the event of a disposal of any Shares or securities of the Company or any interest therein within six months immediately following the expiry of the First Period set out in paragraph (i) above, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for any Shares or other securities of the Company.

CNAHC undertakes to each of us, the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters and the Hong Kong Stock Exchange that, during the period commencing on the date by reference to which disclosure of its direct or indirect shareholding in us is made in this Prospectus and ending on the date which is twelve months from the Listing Date, it will:

- (i) when it pledges or charges any of the Shares or other securities of us beneficially owned by it in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Hong Kong Listing Rules, immediately inform us of such pledge or charge (as the case may be) together with the number of Shares or securities so pledged or charged; and

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- (ii) when it receives any indication, either verbal or written, from the pledgee or chargee of any of the Shares or securities it pledged or charged will be disposed of, immediately inform us of such indication.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by CNAHC and disclose such matters by way of an announcement which is published in the newspapers as soon as possible.

Commission and Expenses

The Hong Kong Underwriters will receive a commission of 2.5% of the 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 commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay to the International Underwriters an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters, but not the Hong Kong Underwriters.

Hong Kong Underwriters' Interest in Our Company

China International Capital Corporation (Hong Kong) Limited and Merrill Lynch Far East Limited, being Hong Kong Underwriters, are also the joint sponsors of our listing on the Hong Kong Stock Exchange. Merrill Lynch International is a company affiliated with Merrill Lynch Far East Limited and is the sponsor of our listing on the Official List of the UK Listing Authority.

International Offering

In connection with the International Offering, it is expected that we and the Selling Shareholders will enter into the International Purchase Agreement with the Joint Global Coordinators and the International Underwriters. Under the International Purchase Agreement, the International Underwriters would, subject to certain conditions including the Listing Committee granting listing of, and permission to deal in, the H Shares, severally agree to purchase or procure purchasers for all Offer Shares being sold in the International Offering.

We and the Selling Shareholders are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 382,592,727 H Shares, and the Selling Shareholders to sell up to an aggregate of 38,259,273 additional H Shares at the same price per H Share as under the International Offering, solely to cover over-allotments in the International Offering, if any.

Pursuant to the International Purchase Agreement, we are expected to agree with the International Underwriters that we will not offer, sell, contract to sell, pledge, 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, or file with the SEC a registration statement under the U.S. Securities Act, relating to, any H Shares or securities convertible into or exchangeable or exercisable for, or that represent the right to receive H Shares, or enter into any swap, hedge or other arrangement that transfers to another, in whole or

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in part, any of the economic consequences of ownership of our H Shares, or publicly disclose that we will or may enter into any transaction described above, without the prior written consent of the Joint Global Coordinators for a period of 180 days after the date of this Prospectus, whether any transaction described above is to be settled by delivery of H Shares or such other securities, in cash or otherwise, except for issuances pursuant to the sale of H Shares to the International Underwriters and the Hong Kong Underwriters.

Each of our existing Shareholders are expected to agree, either directly with the International Underwriters pursuant to the International Purchase Agreement or indirectly pursuant to other contractual restrictions, that they will not offer, sell, pledge, 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, or file with the SEC a registration statement under the U.S. Securities Act, relating to any H Shares or securities convertible into or exchangeable or exercisable for, or that represents the right to receive H Shares, or enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our H Shares, or publicly disclose that he, she or it will or may enter into any transaction described above, without the prior written consent of the representatives of the Underwriters for a period of 180 days after the date of this Prospectus, whether any transaction described above is to be settled by delivery of H Shares or such other securities, in cash or otherwise, subject to customary exceptions. The Underwriters may release securities subject to the lock-ups at any time without public announcement.

TOTAL EXPENSES

The aggregate commissions and fees, together with listing fees, the SFC transaction levy, investor compensation 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\$472 million in aggregate (assuming no exercise of the Over-allotment Option and an offer price of HK\$2.725, being the mid-point of the price range set forth on the cover of this Prospectus), and are payable by the Company and the Selling Shareholders in proportion to the number of Offer Shares offered or sold by the Company and the Selling Shareholders, respectively. Included in the total are commissions on the offer of the Offer Shares, which are expected to be approximately HK\$260 million, payable to the Hong Kong Underwriters and the International Underwriters.