
UNDERWRITING

UNDERWRITERS

Public Offer Underwriters

Piper Jaffray Asia Securities Limited
Taifook Securities Company Limited

Placing Underwriters

Piper Jaffray Asia Securities Limited
CCB International Capital Limited
China Everbright Securities (HK) Limited
CIMB-GK Securities (HK) Limited
TSC Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Company is offering 10,000,000 Shares for subscription by the public in Hong Kong subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to, among other conditions, (i) the granting of the listing of and permission to deal the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee on or before 10 July 2009 (or such other date as the Company and the Sole Bookrunner (on behalf of the Public Offer Underwriters) may agree) and (ii) certain other conditions set out in the Public Offer Underwriting Agreement (including the Company and the Sole Bookrunner (on behalf of the Public Offer Underwriters) agreeing on the Offer Price), the Public Offer Underwriters have severally agreed to procure applications for their respective applicable proportions of the Public Offer Shares being offered or, failing which, to apply for such Public Offer Shares themselves on the terms and conditions as set out in the Public Offer Underwriting Agreement.

Grounds for termination

The Sole Bookrunner (on behalf of the Public Offer Underwriters) shall have the absolute right by notice in writing to the Company (after consultation with the Company as far as practicable) to terminate the Public Offer Underwriting Agreement upon occurrence of the following events at any time at or before 8:00 a.m. on the Listing Date (“Termination Time”):

- (A) there comes to the notice of the Sole Bookrunner or any of the Public Offer Underwriters:
- (1) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto other than the Public Offer Underwriters which, in any such cases, is considered, in the sole opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or
 - (2) any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection

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- with the Public Offer (including any supplement or amendment thereto) has become or been discovered to be untrue, incorrect or misleading in any respect and is considered in the sole opinion of the Sole Bookrunner to be material; or
- (3) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole opinion of the Sole Bookrunner to be material in the context of the Share Offer; or
 - (4) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole opinion of the Sole Bookrunner, a material omission in the context of the Share Offer; or
 - (5) any event, act or omission which gives or is likely to give rise to any liability of the Company and the Covenantors arising out of or in connection with any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
 - (6) any breach by any party to the Public Offer Underwriting Agreement other than the Sole Sponsor and the Public Offer Underwriters of any provision of Public Offer Underwriting Agreement which, in the sole opinion of the Sole Bookrunner, is material; or
- (B) there shall have developed, occurred, existed, or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (1) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group; or
 - (2) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, the Cayman Islands, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group, the local, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
 - (3) any change in the conditions of the U.S., Hong Kong, the PRC or international equity securities or other financial markets; or
 - (4) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

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- (5) any change or development involving a prospective change in all forms of taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group; or
- (6) any change or prospective change in the business or in the financial or trading position or prospects of any member of the Group; or
- (7) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the U.S. or by the European Union (or any member thereof) on Hong Kong or the PRC; or
- (8) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or
- (9) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, terrorism (whether or not responsibility has been claimed), strike or lock-out epidemic, outbreak of diseases and epidemic (including but not limited to H1N1 flu, severe acute respiratory syndrome and H5N1 and other related or mutated forms);
- (10) any litigation or claim of material importance of any third party being instigated against any member of the Group;

which, in the sole opinion of the Sole Bookrunner:

- (i) is or will be, or is very likely to be, adverse, in any material respect, to the business, financial or other condition or prospects of the Group; or
- (ii) has or will have or is very likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (iii) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (1) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (2) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Similar events are contained in the Placing Underwriting Agreement that may allow the Placing Underwriters to terminate their respective obligations thereunder.

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Undertakings

1. The Company has undertaken to the Sole Sponsor and the Public Offer Underwriters that, and each of the Controlling Shareholders and the executive Directors has undertaken to the Sole Sponsor and the Public Offer Underwriters to procure that, without prior written consent of the Sole Bookrunner, subject always to the requirements of the Stock Exchange, save for the Offer Shares, the Shares to be issued pursuant to the Capitalization Issue, the grant of the Over-allocation Option, and any Shares which may fall to be issued pursuant to the exercise of the Over-allocation Option or any capitalization issue, consolidation, sub-division or capital reduction of Shares, neither the Company nor any of its subsidiaries shall (i) issue or agree to issue any shares in the Company or any subsidiary of the Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of the Company or any subsidiary of the Company during the period commencing from the date of this prospectus and ending six months from the Listing Date (“**First Six-Month Period**”); (ii) issue or agree to issue any of the Shares or other interests in the Company referred to in (i) above during the six-month period commencing immediately after the expiry of the First Six-Month Period (the “**Second Six-Month Period**”) if, immediately following such issue, the Controlling Shareholders would either individually or taken together with the others of them cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; or (iii) during the First Six-Month Period, purchase any shares or securities of the Company.
2. Each of the Controlling Shareholders has undertaken to the Company, the Sole Sponsor and the Public Offer Underwriters that:
 - (a) it shall not and shall procure that the relevant registered holder(s) of the Shares (if applicable) shall not dispose of nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of his direct and indirect interest in the Shares in respect of which it or he is shown in this prospectus to be the beneficial owner(s) (the “**Relevant Securities**”) (save for pursuant to a pledge or charge as security for a bona fide commercial loan in which case it shall inform the Company, the Sole Bookrunner and the Sole Sponsor) during the First Six-Month Period; and
 - (b) it shall not and shall procure that the relevant registered holder(s) of the Shares (if applicable) shall not during the Second Six-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of its or his direct and indirect interest in the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he (together with the other Controlling Shareholders) will cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company (save for pursuant to a pledge or charge as security for a bona fide commercial loan in which case it shall inform the Company, the Sole Bookrunner and the Sole Sponsor).
3. Each of the Controlling Shareholders has undertaken to the Company, the Sole Sponsor and the Public Offer Underwriters that, within the period of 12 months from the Listing Date, it will:
 - (a) when it/he pledges/charges any securities or interests in the securities of the Company beneficially owned by it, whether directly or indirectly, immediately inform the Company of such pledges/charges together with the number of Shares so pledged/charged; and

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- (b) when it/he receives indications, either verbal or written, from the pledgee/chargee that any of the pledged/charged securities or interests in the securities of the Company will be disposed of, immediately inform the Company of such indications.

The Company shall inform the Stock Exchange in writing as soon as it has been informed of any such event by any of the Controlling Shareholders and disclose such event by way of an announcement as soon as possible in accordance with the requirements of the Listing Rules.

Placing

In connection with the Placing, it is expected that the Company, the executive Directors and the Controlling Shareholders will enter into the Placing Underwriting Agreement with 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 Underwriting Agreement, the Placing Underwriters will severally agree to subscribe or purchase or procure subscribers or purchasers for the Placing Shares offered pursuant to the Placing.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriters will receive an underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions. For unsubscribed Public Offer Shares reallocated to the Placing, the Company will pay to the Placing Underwriters an underwriting commission at the rate applicable to the Placing Shares.

In connection with the Share Offer, the Sole Sponsor will receive a financial advisory (sponsorship) and documentation fee. Assuming the Over-allocation Option is not exercised at all and based on an Offer Price of HK\$1.46 being the mid-point of the Offer Price range of HK\$1.26 to HK\$1.66, the underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and professional fees together with printing and advertising costs, and other expenses relating to the Share Offer are estimated to amount to about HK\$38.0 million in total.

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

Underwriters' interests in the Company

Apart from the abovementioned, the Sole Sponsor and the Sole Lead Manager do not have any other business relationship with the Group.