

UNDERWRITING

UNDERWRITERS

Public Offer Underwriters

First Shanghai Securities Limited
Sun Hung Kai International Limited
KGI Capital Asia Limited
China Everbright Securities (HK) Limited
Kingsway Financial Services Group Limited
Polaris Securities (HK) Ltd.

International Underwriters

First Shanghai Securities Limited
Sun Hung Kai International Limited
Fubon Capital (HK) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offering

Public Offer Underwriting Agreement

Pursuant to the Public Offering, the Company is offering 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 the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed severally to subscribe, or procure subscribers for, their respective applicable proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offering on the terms and subject to the conditions of this prospectus, the application forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been executed and becoming unconditional.

UNDERWRITING

Grounds for termination

If, in the sole and absolute opinion of the Joint Global Coordinators, any of the following events occurs at or prior to 8:00 a.m. on the Listing Date, then the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters), after consulting the Sponsor, may, at their sole and absolute discretion, upon giving notice in writing to the Company in accordance with the Public Offer Underwriting Agreement, terminate the Public Offer Underwriting Agreement with immediate effect:

1. there has come to the notice of the Joint Global Coordinators:
 - (i) that any statement contained in, inter alia, this prospectus and the related **WHITE** and **YELLOW** application forms, was, when it was issued, or has become, untrue, incorrect in any material respect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed therein is not, in the sole and absolute opinion of the Joint Global Coordinators, in all 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 which is considered by the Joint Global Coordinators to be material in the context of the Global Offering; or
 - (iii) any breach of any of the obligations imposed upon any party (other than the Sponsor, the Joint Global Coordinators or any Public Offer Underwriters) to the Public Offer Underwriting Agreement or the International Underwriting Agreement (other than on the part of the Sponsor or any of the Underwriters) which is considered by the Joint Global Coordinators to be material; or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the “Warrantors” named in the Public Offer Underwriting Agreement pursuant to the indemnification provision in the Public Offer Underwriting Agreement which liability has a material adverse effect on the business or financial or trading position of the Company and its subsidiaries, as a whole; or
 - (v) any material adverse change or development involving a prospective material adverse change in the conditions, assets, liabilities, business affairs, prospects, profits, losses, the risks relating to or the financial or trading position or performance of any member of the Group (each a “Group Company”); or
 - (vi) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties contained in the Public Offer Underwriting Agreement; or

UNDERWRITING

- (vii) the 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, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (viii) the Company withdraws, inter alia, this prospectus (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or
 - (ix) any person (other than the Joint Global Coordinators and any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the documents used in connection with the subscription and sale of the Offer Shares, including this prospectus, or to the issue of any of such documents.
2. there shall develop, occur, exist or come into effect:
- (i) any event, or series of events (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics including Severe Acute Respiratory Syndrome, pandemic influenza, avian influenza (including H5N1), influenza A (H1N1) or such related or mutated forms, or interruption or delay in transportation); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, regional, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including without limitation any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar or RMB against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures in or affecting Hong Kong or anywhere in the world); or
 - (iii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements decrees or rulings of any public regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of all relevant jurisdictions, including (without limitation) Hong Kong, the Cayman Islands, the British Virgin Islands, the United States, the Republic of Mauritius and the PRC (as the case may be) (“Laws” and “Law” includes any one of them) or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other

UNDERWRITING

competent authority in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any of its members) or any other jurisdictions relevant to any Group Company (the “**Specific Jurisdictions**”); or

- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York state level or otherwise), the United Kingdom, the European Union (or any of its members), Japan or the PRC or a material disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions; or
- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States or the European Union (or any member thereof) on any of the Specific Jurisdictions; or
- (vi) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws in any of the Specific Jurisdictions or affecting an investment in the Shares; 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
- (viii) any litigation or claim of any third party being threatened or instigated against any Group Company or any “Warrantors” named in the Public Offer Underwriting Agreement; or
- (ix) an executive 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
- (x) the chairman or chief executive officer of the Company vacating his office; or
- (xi) the commencement by any governmental, regulatory or political body or organisation of any public action against an executive Director in his capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xii) a contravention by any Group Company of the Companies Ordinance or any of the Listing Rules or the applicable Laws; or
- (xiii) a prohibition on the Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or

UNDERWRITING

- (xiv) non-compliance of, inter alia, this prospectus, (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Companies Ordinance, the Listing Rules or any other applicable Law; or
- (xv) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules; or
- (xvi) a demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or
- (xvii) any loss or damage sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xviii) a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company 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 Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company,

which in each case or in aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters):

- (a) 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 or risks of the Company or the Group or any Group Company or on any present or prospective Shareholder in his or its capacity as such; or
- (b) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Public Offering or the level of interest under the International Placing; or
- (c) makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or
- (d) would have the effect of making any part of, inter alia, the Public Offer Underwriting Agreement (including underwriting) or any agreement between the Public Offer Underwriters and the International Underwriters incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

UNDERWRITING

Undertakings from the Company, the Controlling Shareholders, Mr. LY Li and the executive Directors

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by the Company, or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing) subject to certain exceptions as stated in Rules 10.08(1) to 10.08(4) of the Listing Rules.

For the purpose of Rule 10.08 of the Listing Rules, the Company will not issue further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement in respect of any such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except for the issue of Shares, the listing of which has been approved by the Stock Exchange, pursuant to a share option scheme or similar arrangement under Chapter 17 of the Listing Rules, or any capitalisation issue, capital reduction or consolidation or sub-division of Shares.

Each of the Controlling Shareholders has undertaken to the Stock Exchange that he/it will not, except in compliance with the requirements of the Listing Rules, (a) in the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date, 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 he/it is shown by this prospectus to be the beneficial owner; or (b) in the six-month period commencing on the expiry of the first six months from the Listing Date, 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 to such an extent that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would then cease to be the controlling shareholder of the Company as defined in the Listing Rules.

Each of the Controlling Shareholders has undertaken to the Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

- (i) when it/he pledges or charges any securities or interests beneficially owned by it/him in favour of an authorised institution pursuant to Note (2) to rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares or other share capital so pledged or charged; and
- (ii) when it/he receives indications, either verbal or written, from the pledge or chargee that any of the pledged or charged Shares or other share capital pledged or charged that any of such Shares or other share capital will be disposed of, immediately inform the Company of such indications.

UNDERWRITING

The Company will inform the Stock Exchange as soon as the Company has been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with the Listing Rules as soon as possible.

The Company undertakes to each of the Sponsor, the Joint Global Coordinators and the Public Offer Underwriters that, and each of the executive Directors (severally), the Controlling Shareholders and Mr. LY Li has undertaken to procure that:

- (i) the Company will comply in all respects with the terms and conditions of the Public Offering and, in particular, without limitation, except pursuant to the Global Offering, the Over-allotment Option and options which may be granted under a share option scheme or with the prior written consent of the Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, the Company will not, and will procure that its subsidiaries will not, allot or issue, or agree to allot or issue, Shares or other securities of the Company (including warrants or other convertible or exchangeable securities), or grant or agree to grant any options, warrants or other rights to subscribe for Shares or securities that are convertible or exchangeable into Shares or other securities of the Company, or repurchase Shares or other securities of the Company, or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence or benefit of ownership of any Shares, or offer to or agree to do any of the foregoing or announce any intention to do so during the six months immediately following the Listing Date, and in the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six months 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 the Company.

Each of the Controlling Shareholders and Mr. LY Li jointly or severally has undertaken to each of the Sponsor, Joint Global Coordinators, the Company and the Public Offer Underwriters that:

- (i) 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 Period"), it/he shall not, and shall procure that the relevant registered holder(s) and its/his associates and companies controlled by it/him and any nominee or trustee holding in trust for it/him shall not, without the prior written consent of the Sponsor and the Joint Global Coordinators and unless as a result of any exercise of the Over-allotment Option, or pursuant to any securities lending arrangements to be entered into with First Shanghai Securities Limited in connection with the Global Offering as contemplated in, *inter alia*, this prospectus, the Public Offer Underwriting Agreement and the International Underwriting Agreement, or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge (except permitted under the Public Offer Underwriting Agreement), 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 any securities

UNDERWRITING

convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (the “**Relevant Securities**”); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or benefit of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above;

- (ii) it/he shall not, and shall procure that the relevant registered holder(s) and its/his associates or companies controlled by it/him and any nominee or trustee holding in trust for it/him shall not, without the prior written consent of the 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 held by it/him or any of its/his associates or companies controlled by it/him or any nominee or trustee holding in trust for it/him if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or would together with the other Controlling Shareholders and Mr. LY Li cease to be controlling shareholder (as defined in the Listing Rules) of the Company;
- (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/he shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of the Company; and
- (iv) it/he shall, and shall procure that its/his associates and companies controlled by and nominees or trustees holding in trust for it/him shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/him or by the registered holder controlled by it/him of any Shares.

Each of the Controlling Shareholders and Mr. LY Li, further undertakes to each of the Company, the Sponsor, the Joint Global Coordinators and the Public Offer Underwriters that, within the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders and Mr. LY Li is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

- (i) when it/he pledges or charges any securities or interests in the Relevant Securities beneficially owned by it/him in favour of any authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan, immediately inform the Company, the Sponsor and the Joint Global Coordinators in writing of such pledges or charges (as the case may be) together with the number of Shares or securities and nature of interest so pledged or charged; and

UNDERWRITING

- (ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company, the Sponsor and the Joint Global Coordinators in writing of such indication.

The Company will inform the Stock Exchange as soon as the Company has been informed of the above matters (if any) by any of the Controlling Shareholders or Mr. LY Li and disclose such matters by way of an announcement.

The International Placing

In connection with the International Placing, it is expected that the Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, the International Underwriters will severally agree to subscribe and/or procure subscribers to acquire all the Shares to be sold in the International Placing.

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part from time to time by First Shanghai Securities Limited in its discretion and on behalf of the International Underwriters within 30 days from the last date for lodging applications under the Public Offering, to require the Company to issue up to an aggregate of 10,875,000 additional Shares, representing in aggregate 15% of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Placing for the purpose of covering over-allocations, if any, in the International Placing.

Commission and expenses

The Public Offer Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Public Offer Shares reallocated to the International Placing, the Company will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Joint Global Coordinators and the relevant International Underwriters (but not the Public Offer Underwriters). The Sponsor will receive a sponsor's fee in relation to the Listing. For any International Offer Shares reallocated to the Public Offering due to an over-subscription of the Public Offering (whilst the International Placing is not undersubscribed), the Company will pay an underwriting commission, at the rate applicable to the International Placing, to the International Underwriters under the International Placing.

The aggregate underwriting commissions and fees, together with listing fees, the SFC transaction levy and the Stock Exchange trading fee payable by the Company, legal and other professional fees, and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$73.1 million (assuming the mid-point Offer Price of HK\$1.885 and the Over-allotment Option is not exercised), of which approximately HK\$30.2 million had been settled and recorded as expenses in the results of the Group during the Track Record Period and are payable by the Company.

UNDERWRITING

Public Offer Underwriters' interests in the Company

Save for the Public Offer Underwriters' obligations under the Public Offer Underwriting Agreement and, if the Stock Borrowing Agreement is entered into, First Shanghai Securities Limited's interest thereunder and save as otherwise disclosed in this prospectus, none of the Sponsor and the Public Offer Underwriters is legally or beneficially interested in any Shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of the Group or any interest in the Global Offering.