
UNDERWRITING

UNDERWRITERS

Public Offer Underwriters

Mizuho Securities Asia Limited
Guotai Junan Securities (Hong Kong) Limited
Phillip Securities (Hong Kong) Limited

Placing Underwriters

Mizuho Securities Asia Limited
Guotai Junan Securities (Hong Kong) Limited
CIMB Securities (HK) Limited
China Merchants Securities (HK) Co., Limited
KGI Capital Asia Limited
Goldin Equities Limited
Phoenix Capital Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

The Public Offer Underwriting Agreement was entered into on December 10, 2009. Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any additional Shares which may be made available pursuant to the exercise of the Over-allotment Option and Shares which may fall to be issued on the exercise of the options which may be granted under the Share Option Scheme) and to certain other conditions set forth in the Public Offer Underwriting Agreement (including the Lead Manager (on behalf of the Public Offer Underwriters) and our Company agreeing the Offer Price), the Public Offer Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

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Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or purchase or procure subscribers or purchasers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (A) there shall develop, occur, exist or come into effect:
- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in Hong Kong, the PRC, the United States, the Cayman Islands, the European Union or in any other jurisdiction where any member of our Group is incorporated or has operation (each a “Relevant Jurisdiction”); or
 - (ii) any change or development involving a prospective change, or any event or series of events resulting in or representing any change or development involving a prospective change, in the local, national, regional or international financial, political, military, industrial, economic, currency, market, legal, fiscal, exchange control or regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong currency or Renminbi is linked to that of the currency of the United States); or
 - (iii) a material disruption or any moratorium on commercial banking activities or securities settlement or clearance services in any Relevant Jurisdiction; or
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on or by the Stock Exchange, the New York Stock Exchange or the Shanghai Stock Exchange; or
 - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in any Relevant Jurisdiction adversely affecting an investment in shares; or
 - (vi) any adverse change or prospective adverse change in the business or trading position or prospects of any member of our Group (including any litigation or claim of third party being threatened or instigated against any member of our Group); or
 - (vii) any event, or series of event in the nature of force majeure, including, without limitation, acts of government, large scale labour disputes, strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts or threats of war, acts of God, terrorism, outbreak of diseases or epidemics including, but not limited to, SARS, H5N1, avian flu, influenza A (H1N1) (swine flu) and such related/mutated forms or extensive interruption or delay in transportation, economic sanction and any declaration of a national or international emergency or war in any Relevant Jurisdiction; or

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(viii) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus,

which, in the sole opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters):

- (a) is or will or may have a material adverse effect on the business, financial or other condition or prospects of our Group as a whole or, in the case of paragraph (v) above, to any present or prospective shareholder of our Company in his/its capacity as such; or
- (b) has or will or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
- (c) makes it inadvisable, impracticable or inexpedient to proceed with the Share Offer or to market the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(B) there comes to the notice of the Lead Manager or any of the Public Offer Underwriters:

- (i) any warranties or undertakings given by our Company, Mr. Chan or VIL under the Public Offer Underwriting Agreement is untrue, inaccurate or misleading in any material respect; or
- (ii) any breach on the part of our Company, Mr. Chan or VIL of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
- (iii) that any matter which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom; or
- (iv) that any statement contained in this prospectus, the Application Forms, the formal notice or any other announcement in the agreed form issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) has become or is discovered to be untrue, incorrect or misleading in any material respect; or
- (v) that any event, act or omission which gives or is likely to give rise to any liability of a nature of our Company, Mr. Chan or VIL pursuant to the indemnity provisions under the Public Offer Underwriting Agreement; or

(C) a valid demand is made 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 prior to its stated maturity; or

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- (D) a 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 over all or part of the assets or undertaking of any member of our Group or any analogous matter occurs in respect of any member of our Group; or
- (E) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Share Offer 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.

UNDERTAKINGS

Undertakings to the Stock Exchange pursuant to the Listing Rules

By us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue by us 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 commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By Mr. Chan and VIL

Pursuant to Rule 10.07(1) of the Listing Rules, each of Mr. Chan and VIL, our Controlling Shareholders, has undertaken to the Stock Exchange that he or it shall not and shall procure that the relevant registered holder(s) of the Share(s) will not:

- (i) in the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is six months after the Listing Date (the “First Six-Month Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which he or it is shown by this prospectus to be the beneficial owner; and

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- (ii) in the period of six months commencing on the date on which the First Six-Month Period expires (the “Second Six-Month Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he or it would cease to be our controlling shareholder (as defined in the Listing Rules).

Each of Mr. Chan and VIL has also undertaken to the Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

- (i) when he or it pledges or charges any Shares or other securities of our Company beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
- (ii) when he or it receives any indications, 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 securities will be disposed of, immediately inform us in writing of any such indications.

Undertakings pursuant to the Public Offer Underwriting Agreement

By us

We have undertaken to each of the Lead Manager and the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement that, except pursuant to the Share Offer (including pursuant to the Over-allotment Option) and pursuant to the grant or exercise of options which may be granted under the Share Option Scheme, at any time during the period commencing on the date of the Public Offer Underwriting Agreement until the expiry of the First Six-Month Period, we will not, and will cause each member of our Group not to, without the prior written consent of the Lead Manager (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (A) offer, allot, issue, sell, lend, assign, 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, conditionally or unconditionally, or repurchase, any of our share capital, debt capital or any securities or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or any securities or any interest therein); or

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- (B) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of such share capital, debt capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital, debt capital or such other securities, in cash or otherwise, or offer to or agree to do, or publicly disclose that our Company will or may enter into, any transaction described in paragraph (A) above and this paragraph (B); or

- (C) effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares of persons who count as members of the “public” for the purposes of the Listing Rules below 25 per cent. of our Company’s issued share capital.

In the event of an issue or a disposal of any Shares of our Company or any interest therein as described above at any time during the Second Six-Month Period, we will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the shares of our Company.

Undertakings by Mr. Chan and VIL

Each of Mr. Chan and VIL has undertaken to each of us, the Lead Manager and the Public Offer Underwriters that, except pursuant to the Share Offer (including pursuant to the Over-allotment Option) or otherwise pursuant to the Stock Borrowing Agreement, he or it will not and will procure that none of his or its associates or companies controlled by him or it or any nominee or trustee holding in trust for him or it will without the prior written consent of the Lead Manager (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (A) at any time during the period commencing on the date of the Public Offer Underwriting Agreement until the expiry of the First Six-Month Period, offer, pledge, charge, sell, lend, mortgage, assign, 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, conditionally or unconditionally, any of the share capital, debt capital or any securities of our Company or any interest therein held by him or it (including, but not limited to, any securities convertible into or exercisable or exchangeable for, or that represent the right to receive such share capital, debt capital or any securities of our Company or any interest therein) or enter into any swap, derivative, lending, pledge, or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital, debt capital or such other securities, in cash or otherwise, or offer to or agree to do, or publicly disclose or make any public announcement of any intention to enter into any of the foregoing transactions;

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- (B) at any time during the Second Six-Month Period, offer, pledge, charge, sell, lend, mortgage, assign, 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, conditionally or unconditionally, any of the share capital, debt capital or any securities of our Company or any interest therein held by him or it (including but not limited to, any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, such share capital, debt capital or any securities of our Company or any interest therein) or enter into any swap, derivative, lending, pledge, or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital, debt capital or such other securities, in cash or otherwise, or offer to or agree to do, or publicly disclose or make any public announcement of any intention to enter into any of the foregoing transactions if, immediately following such transaction, he or it would cease to be our controlling shareholder as defined in the Listing Rules; and
- (C) in the event of a disposal by him or it of any of our share capital, debt capital or other securities or any interest therein during the Second Six-Month Period, he or it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

Each of Mr. Chan and VIL has further undertaken to each of us, the Lead Manager and the Public Offer Underwriters that he or it will, within the period commencing on the date of this prospectus and ending on the date which is 12 months after the Listing Date, immediately inform us, the Lead Manager and the Stock Exchange of:

- (A) any pledges or charges of any Shares or other securities of our Company beneficially owned by him or it and the number of such Shares or other securities so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (B) any indication received by him or it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that such Shares or other securities of our Company so pledged or charged will be disposed of.

We have agreed and undertaken to each of the Lead Manager and the Public Offer Underwriters that upon receiving such information in writing from any of Mr. Chan and VIL we shall, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information by way of announcement.

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THE PLACING

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with amongst other parties, the Placing Underwriters, subject to the conditions set out therein. The Placing Underwriters would severally agree to subscribe for the Placing Shares or procure subscribers for the Placing Shares being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer (including the Public Offer) will not proceed.

OVER-ALLOTMENT OPTION

Under the Placing Underwriting Agreement, our Company is expected to grant to the Placing Underwriters the Over-allotment Option, exercisable by the Lead Manager on behalf of the Placing Underwriters from time to time during the period commencing on the Listing Date and ending on the 30th day from the last date of lodging applications under the Public Offer, to require our Company to allot and issue up to 15,000,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the same price per Offer Share under the Public Offer and Placing, to cover over-allocations, if any, in the Placing.

TOTAL COMMISSION AND EXPENSES

The Public Offer Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer, out of which each Underwriter will pay its own sub-underwriting commission and selling concessions (if any). The Placing Underwriters are expected to receive an underwriting commission of 2.5% of the aggregate Offer Price of the Placing Shares offered under the Placing.

Such fees and commissions, together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Share Offer, which are estimated to amount in aggregate to approximately HK\$19.9 million (assuming an Offer Price of HK\$1.29 per Share and assuming the Over-allotment Option is not exercised), will be payable by our Company.

PUBLIC OFFER UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for its obligations under the Public Offer Underwriting Agreement, none of the Public Offer Underwriters or any of their respective holding companies, or any of their respective subsidiaries was beneficially interested, directly or indirectly, in any shareholding in our Company or any of its subsidiaries or has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in our Company or any of its subsidiaries.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Public Offer Underwriting Agreement.