
UNDERWRITING

UNDERWRITERS

Public Offer and International Placing Underwriters

Sole Lead Manager

Mega Capital (Asia) Company Limited

Co-Lead Managers

Daiwa Securities SMBC Hong Kong Limited

ICBC International Capital Limited

Co-Managers

China Everbright Securities (HK) Limited

CIMB Securities (HK) Limited

CMB International Capital Corporation Limited

Guotai Junan Securities (Hong Kong) Limited

KAB Asia Securities Limited

VC Brokerage Limited

UNDERWRITING ARRANGEMENT AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, we are initially offering 500,000,000 Offer Shares for subscription and purchase by the public in Hong Kong and International Placing to certain professional, institutional investors and other investors expected to have a sizeable demand for the Shares on and subject to the terms and conditions set out in this prospectus and the Application Forms. The Underwriting Agreement is conditional upon, among other things:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and Shares which may fall to be issued upon the exercise of any options that have been or may be granted under the Share Option Scheme subject to such customary conditions that may be imposed by the Stock Exchange, on or before 30 days from the date of this prospectus (or if that is not a Business Day, the immediate preceding Business Day) or such later date as the Company may agree in writing with the Sole Lead Manager on behalf of the Underwriters; and
- (b) certain other conditions set out in the Underwriting Agreement (including but not limited to the entering into of the Price Determination Agreement on or before the Price Determination Date or such other date as may be agreed between the Company, the Selling Shareholders and the Sole Bookrunner (for itself and on behalf of the Underwriters)).

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Grounds for termination

The obligations of the Underwriters to subscribe or procure subscribers for the Offer Shares will be subject to termination by notice in writing from the Sole Lead Manager (for itself and on behalf of the Underwriters) to the Company if any of the following events occur before 8:00 a.m. on the Listing Date:

- (A) (1) there is any change or prospective change in the business or in the financial or trading position of any member of the Group; or
- (2) any event or series of events resulting or representing or likely to result in any change or development of local, national or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory, equity or other financial market or other conditions, circumstances or other conditions, circumstances or matters (including without limitation any moratorium on suspension or material restriction of commercial banking activities in Hong Kong, US, the European Union (or any member thereof), the PRC, Taiwan or elsewhere or trading in securities on the Stock Exchange) shall have occurred, happened or come into effect; or
- (3) any new law or regulation or change (whether or not forming part of a series of changes) in existing laws or regulation or any change in the interpretation or application thereof by any court or governmental authority of any of the jurisdiction in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) of any jurisdiction relevant to the Group shall have been introduced or effected; or
- (4) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, Taiwan, the BVI, the Cayman Islands, the PRC, the US, the European Union (or any member thereof), or elsewhere; or
- (5) a change or development in the conditions of Hong Kong, the PRC, the US or international equity securities or other financial markets (including, without limitation, stock and bond markets, money and foreign exchange markets and inter-bank markets); or
- (6) any event, act or omission which gives rise or is likely to give rise to any liability of the Company, the Controlling Shareholders or the executive Directors pursuant to certain indemnities contained in the Underwriting Agreement; or
- (7) the imposition of economic or other sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by the US, the European Union (or any member thereof) or any other country or organisation in Hong Kong, the PRC, or any other jurisdiction relevant to the Company; or
- (8) any event, or series of events of force majeure (including without limitation the generality thereof, any act of God, acts of government, war, riot, public disorder, civil commotion economic sanction, fire, flooding, explosion, epidemic, outbreak of an

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infections disease (including but not limited to severe acute respiratory syndrome and swine influenza), calamity, crisis terrorism, strike or lockout) (whether or not covered by insurance) shall have occurred, happened or come into effect; or

- (9) any outbreak or escalation of hostilities involving Hong Kong, the PRC, the US, the European Union (or any member thereof), or any other jurisdiction relevant to the Company; or
- (10) there is, in the sole and absolute opinion of the Sole Lead Manager, a change in the system under which the value of the Hong Kong dollar is linked to that of the US dollar; or
- (11) there is, in the sole and absolute opinion of the Sole Lead Manager, a material change in the exchange rate between the US dollar and the Renminbi, or between the Hong Kong dollar and the Renminbi; or
- (12) a demand by any creditor for repayment or payment of any indebtedness of the Company or in respect of which the Company is liable prior to its stated maturity which demand has or could be expected to have a material adverse effect on the Company; or
- (13) any loss or damage sustained by our Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which has or could be expected to have a material adverse effect on the Company; or
- (14) a petition is presented for the winding-up or liquidation of our Company or our 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 our Company or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or anything analogous thereto occurs in respect of our Company,

which in the sole and absolute opinion of the Sole Lead Manager (on behalf of the Underwriters):

- (1) is or will or is likely to be materially adverse to the business, financial or other condition or prospects of our Company or, to any present or prospective shareholder in its capacity as such; or
- (2) has or will or is likely to have a material adverse effect on the success of the Global Offering, or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
- (3) makes it inadvisable or inexpedient to proceed with the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the prospectus; or

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- (B) any of the Underwriters shall become aware of the fact that, or have cause to believe that:
- (1) any of the representation and warranties given by our Company, the Controlling Shareholders and the executive Directors pursuant to the Underwriting Agreement is untrue, inaccurate or misleading in any respect when given or repeated as determined by the Sole Lead Manager in its sole and absolute discretion, or that the Company, the Controlling Shareholders and the executive Directors is in breach of any provision of the Underwriting Agreement;
 - (2) any statement contained in this prospectus is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute an omission therefrom as determined by the Sole Lead Manager in its sole and absolute discretion; or
 - (3) there has been a breach on the part of the Company or any of the Controlling Shareholders, the Selling Shareholders and the executive Directors of any of the provisions of the Underwriting Agreement as determined by the Sole Lead Manager in its sole and absolute discretion.

Undertakings

Each of the Selling Shareholders and the Controlling Shareholders has undertaken to the Company and the Sole Lead Manager (on behalf of the Underwriters) that each of them shall not and shall procure that their associates or companies controlled by them or nominees or trustee holding in trust for them shall not and shall procure that the relevant registered holder(s) (as the case may be) of the Shares shall not (except pursuant to or in connection with the Stock Borrowing Agreement):

- (a) in the period commencing on the date by reference to which disclosure of the shareholding (direct or indirect) of each of the Selling Shareholders and the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Lock-up Period**”) save in pursuance of the Stock Borrowing Agreement, sell, transfer or otherwise dispose of (including without limitation the creation of any option over or pledge or charge as security) nor 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 each of them is shown by this prospectus to be the beneficial owner (whether direct or indirect) or securities of the Company owned by them or the relevant company, nominee or trustee (including any interest on any shares in any company controlled by them which are directly or indirectly the beneficial owner of any of the Shares or securities of the Company immediately following the completion of the Global Offering and the Capitalisation Issue (the “**Relevant Securities**”)); and
- (b) in the period of six months commencing on the date on which the First Lock-up Period referred to in (a) above expires, (the “**Second Lock-up Period**”), sell, transfer or otherwise, dispose of (including without limitation the creation of any option over or pledge or charge as security) nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities, immediately following such sale, transfer or disposal or upon the exercise of enforcement of such options, rights interests or encumbrances, the Selling Shareholders and the Controlling Shareholders

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collectively would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company, and that in the event of any such sale, transfer or disposal, all reasonable steps shall be taken to ensure that such sale, transfer or disposal shall be effected in such a manner so as not to create a disorderly or false market for the Shares during the progress of such sale, transfer or disposal or after the completion thereof.

The Company has undertaken to and covenanted with each of the Underwriters that, and each of the Controlling Shareholders, the executive Directors and the Selling Shareholders has undertaken to and covenanted with each of the Underwriters to procure that, without the prior written consent of the Sole Lead Manager (on behalf of the Underwriters), the Company will not, and subject always to the requirement of the Stock Exchange, save pursuant to the Global Offering or grant of any option under the Share Option Scheme; (i) during the First Lock-up Period allot and issue or agree to allot and issue any shares or securities in the Company or any of its major subsidiary (as defined in Chapter 13 of the Listing Rules) or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, any securities of the Company or any of its major subsidiaries (defined as aforesaid); (ii) during the Second Lock-up Period, allot and issue or agree to allot and issue any shares or securities in the Company or any of its major subsidiary (as defined in Chapter 13 of the Listing Rules) or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, any securities of the Company or any of its major subsidiaries (defined as aforesaid), if immediately following such allotment and issue, the Major Shareholders, either individually or taken together with the other of them, would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or the single largest shareholder of the Company.

Each of the Company, the Selling Shareholders, the Controlling Shareholders and the executive Directors has undertaken to and covenanted with each of Mega Capital and the Underwriters that save with the prior written consent of the Sole Lead Manager (on behalf of the Underwriters), neither the Company nor any of its subsidiaries shall during the First Lock-up Period purchase any securities of the Company.

Each of the Selling Shareholders, the Controlling Shareholders and the executive Directors has further undertaken to the Company and the Sole Lead Manager (on behalf of the Underwriters) that within the period commencing on the date by reference to which disclosure of the shareholding (direct or indirect) of each of the Selling Shareholders, the Controlling Shareholders and the executive Directors is made in this prospectus and ending on the date which is 12 months from the Listing Date, they shall:

- (a) when they pledge or charge any Shares beneficially owned by them (whether directly or indirectly), in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when they receive indications, whether verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

The Company has undertaken with the Stock Exchange that it shall inform the Stock Exchange as soon as it has been informed of matters referred to in (a) and (b) above and disclose such matters by way of a press announcement which is published in the newspapers as soon as possible.

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Commission and expenses

The Underwriters will receive a commission of 2.6% on the Offer Price for the issue of all the Offer Shares, out of which they will, as the case may be, pay any sub-underwriting commissions, and the Sole Sponsor will, in addition, receive a sponsorship fee and a documentation fee in relation to the Global Offering. Each of the Selling Shareholders shall be responsible for their own legal fees, duties payable on the transfers of the Sale Shares, if any, and the Stock Exchange trading fee and transaction levy on the offer of the Sale Shares. The Company shall be responsible for its own legal fee, all listing fees of the Stock Exchange and capital duty on the increase and/or issue of its share capital, if any, and the Stock Exchange trading fee and transaction levy on the offer of the New Shares. The underwriting commission, documentation fee, legal and other professional fees, printing and other expenses relating to the Global Offering are estimated to be approximately HK\$77.6 million and will be payable on a pro rata basis by our Company and the Selling Shareholders.

Underwriters' interests in the Group

Save for its interests and obligations under the Underwriting Agreement, none of the Underwriters or any of their respective associates has or may, as a result of the Global Offering, have any interest in any class of securities of any member of the Group (including option to subscribe for or nominate persons to subscribe for such securities).

Sole Sponsor's interests in the Group

Save for its interests and obligations under the Underwriting Agreement and Mega Capital's appointment as compliance adviser as described in the section headed "Directors, Senior Management and Employees", none of the Sole Sponsor or any of their respective associates has or may, as a result of the Global Offering, have any interest in any class of securities of any member of the Group (including option to subscribe for or nominate persons to subscribe for such securities).

No director or employee of the Sole Sponsor who is involved in providing advice to the Company has or may, as a result of the Global Offering, have any interest in any class of securities of the Company or any other member of the Group, including options or rights to subscribe for or nominate persons to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Global Offering.

No director or employee of the Sole Sponsor has a directorship in the Company or any other member of the Group.

None of the Sole Sponsor or any of their respective associates has accrued any material benefit as a result of the successful outcome of the Global Offering, including by way of example, the repayment of material outstanding indebtedness or success fees other than the following:

1. by way of underwriting and placing commission payable to the Sole Sponsor for acting as one of the Underwriters under the Underwriting Agreement;
2. the financial advisory and documentation fee payable to the Sole Sponsor as sponsor of the Global Offering; and

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3. certain associates of the Sole Sponsor, including Mega Securities (Hong Kong) Company Limited whose ordinary businesses involve the trading of and dealings in securities, may be involved in the trading of and dealings in the securities of the Company.