
UNDERWRITING

UNDERWRITERS

Placing Underwriters

SinoPac Securities (Asia) Limited
Emperor Securities Limited

Public Offer Underwriters

SinoPac Securities (Asia) Limited
Emperor Securities Limited
Oriental Patron Securities Limited
UOB Kay Hian (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer, the Company is offering the Public Offer Shares for subscription by way of the Public Offer on the terms and subject to the conditions set out in this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Share Offer and Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme; (ii) the SGX-ST granting listing of, and permission to deal in the new Shares to be issued pursuant to the Share Offer and the options granted under the Share Option Scheme; and (iii) certain other conditions set out in the Public Offer Underwriting Agreement (including, among others, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Company (for itself and on behalf of the Selling Shareholder) agreeing on the Offer Price on or before the Price Determination Date), the Public Offer Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions (as set out in the Public Offer Underwriting Agreement) of the Public Offer Shares now being offered and which are not taken up under the Public Offer, on the terms and subject to the conditions set out in this prospectus, the related Application Forms and the Public Offer Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Company (for itself and on behalf of the Selling Shareholder) and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Share Offer will not proceed.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or to procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement will be subject to termination by notice in writing to the Company from the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) if, before 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Joint Lead Managers or any of the Public Offer Underwriters:
 - (i) that any statement contained in, among other things, this prospectus and/or any announcements issued by the Company in connection with the Public Offer (including

UNDERWRITING

- any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecasts, expressions of opinion, intention or expectation expressed in, among other things, this prospectus and/or any announcements issued by the Company in connection with the Share Offer (including any supplement or amendment thereto) are not fair and honest in any material respect 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 a material omission therefrom; or
 - (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement in any material respect; or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the Controlling Shareholders and the Company pursuant to the indemnification provisions under the Public Offer Underwriting Agreement; or
 - (v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any members of the Group; or
 - (vi) any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties in the Public Offer Underwriting Agreement; or
 - (vii) the Company withdraws this prospectus (and any other documents used in connection with the contemplated subscription and sale of the Shares) or the Public Offer; or
- (b) there shall develop, occur, exist or come into effect:
- (i) 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 lockout 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); or
 - (ii) (a) any change or development involving a prospective change or deterioration, or any event or series of events likely to result in any material and adverse change or deterioration, or development involving a prospective material and adverse change or deterioration, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, any moratorium, suspension or restriction on trading

UNDERWRITING

in securities generally on the Stock Exchange, or a material devaluation of the Hong Kong dollar or the Renminbi against any other currencies, or any material disruption in monetary or trading or securities settlement or clearance services, procedures or matters) in or affecting Hong Kong or the PRC or any other jurisdiction relevant to any member of the Group; or (b) any material deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting Hong Kong, the PRC or any other jurisdictions relevant to any member of the Group; or

- (iii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC or any other jurisdiction relevant to any member of the Group, or there is a material disruption in commercial banking or securities settlement or clearance services in those places; or
- (iv) any new law or regulation or any change or development involving a material and adverse prospective change in existing laws or regulations or any change or development involving a prospective material and adverse change in the interpretation or application thereof by any court or other competent authority in or affecting Bermuda, Hong Kong, the PRC, or any other jurisdiction relevant to any member of the Group; 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 the PRC or any other jurisdiction relevant to any member of the Group; or
- (vi) a material and adverse change or development involving a prospective material and adverse change in taxation or exchange control, currency exchange rates or foreign investment regulations (or the implementation of any exchange control) in Hong Kong, the PRC, or any other jurisdiction relevant to any member of the Group affecting an investment in the Shares; or
- (vii) any litigation or claim of any third party being threatened or instigated against any member of the Group which, if determined adversely against the Group, would have a material and adverse effect on the ability of the Company to perform its obligations under the Public Offer Underwriting Agreement; or
- (viii) any Director being convicted with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (ix) the chairman or chief executive officer of the Company vacating his office; or

UNDERWRITING

- (x) the commencement by any governmental, regulatory or political body or organisation of any action against the Directors in their capacities as director of or holding any office, in the Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xi) save as disclosed in this prospectus, a contravention in any material respect by any member of the Group of the Listing Rules or any applicable law; or
- (xii) a prohibition on the Company for whatever reason from allotting the Shares pursuant to the terms of the Public Offer; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) with the Listing Rules or any other applicable law; or
- (xiv) an order or petition for the winding up of any major subsidiary (as such term is defined in the Listing Rules) of the Group or any composition or arrangement made by any major subsidiary of the Group with its creditors or a scheme of arrangement entered into by any major subsidiary of the Group or any resolution for the winding-up of any major subsidiary of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

which, individually or in the aggregate, in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) (1) has or will or may have a material adverse effect on the business, financial or other condition of the Group as a whole; or (2) has or will have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which may prevent the processing of applications.

Placing Underwriting Agreement

In connection with the Placing, it is expected that the Company and the Selling Shareholder, among other parties, will enter into the Placing Underwriting Agreement with the Placing Underwriters. Under the Placing Underwriting Agreement, subject to the conditions set out therein, the Placing Underwriters would severally agree to procure subscribers for, or failing which, to subscribe as principal for, the Placing Shares being offered pursuant to the Placing. It is also expected that the Placing Underwriting Agreement may be terminated upon similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

UNDERWRITING

Undertakings pursuant to the Public Offer Underwriting Agreement

Each of the Controlling Shareholders has undertaken to the Company and the Public Offer Underwriters that:

- (a) he/she/it will, and will procure that his/her/its Associates to, comply with all the applicable restrictions and requirements under the Listing Rules on the disposal by him/her/it, or by any registered holder on his/her/its behalf, of any Shares or other securities of the Company in respect of which he/she/it is shown in this prospectus to be the beneficial owner;
- (b) neither he/she/it nor any of his/her/its Associates or companies controlled by him/her/it has any present intention of disposing of any of Shares or other securities of the Company in respect of which he/she/it is shown in this prospectus to be the beneficial owner (or any beneficial interest therein);
- (c) he/she/it will not, and will procure that none of his/her/its Associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, dispose of any of the Shares in respect of which he/she/it is shown in this prospectus to be the beneficial owner or any direct or indirect interest therein (which, for this purpose shall include any interest in any company which holds any Shares (whether directly or indirectly through another company)) or offer to or agree to do any of the foregoing or announce any intention to do so within the period from the date of this prospectus until the date falling 6 months from the Listing Date (the “Lock-up Period”); and
- (d) he/she/it will take all reasonable steps to ensure that any disposal of Shares after the Lock-up Period does not create a disorderly or false market for the Shares.

Each of the Controlling Shareholders has further undertaken to the Company and the Public Offer Underwriters that, within the period commencing from the date of this prospectus and ending on the date falling 12 months from the Listing Date, each of them will:

- (i) when he/she/it pledges or charges any Shares beneficially owned by him/her/it, immediately inform the Company and the Sponsor of such pledge or charge together with the number of Shares so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (ii) when he/she/it receives any indication, either verbal or written, from the pledgee or chargee that any of the Shares so pledged or charged will be disposed of, immediately inform the Company and the Sponsor of such indication.

The Company has undertaken to the Public Offer Underwriters that, without the prior written consent of the Joint Lead Managers, on behalf of the Underwriters, and unless in compliance with the requirements of the Listing Rules, the Company shall not within the Lock-up Period allot or issue or agree to allot or issue any Shares or other securities in the Company (including warrants or

UNDERWRITING

other convertible securities) or grant or agree to grant any options or rights over any Shares or other securities in the Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or announce any intention to do so except in all cases, pursuant to the Share Offer, the Share Option Scheme or otherwise as disclosed in this prospectus.

Undertakings with respect to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities of the Company (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 Listing Date), except pursuant to the Share Offer (including the exercise of the options which may be granted under the Share Option Scheme) or for the circumstances prescribed by Rule 10.08 of the Listing Rules.

Pursuant to Rules 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Company and to the Stock Exchange, except pursuant to the Share Offer, that he/she/it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (i) in 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 six months from the Listing Date (the “First Six-month Period”), dispose of, 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 he/she/it is shown by this prospectus to be the beneficial owners (as defined in Rule 10.07(2) of the Listing Rules) (the “Relevant Shares”); or
- (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, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

UNDERWRITING

Further, pursuant to Note (3) to Rule 10.07 (2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Company and to Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he/she/it will:

- (i) when he/she/it pledges or charges any of the securities beneficially owned by him/her/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 the Company of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

The Company must inform the Stock Exchange as soon as it has been informed of the above matters by any of the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Commission

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Offer Shares, out of which they will (as the case may be) pay any sub-underwriting commissions. In addition, the Sponsor will receive advisory and documentation fees for acting as the Sponsor to the Share Offer. The Selling Shareholder will be responsible for her own legal fees, duties payable on the transfer of the Sale Shares, if any, and the Stock Exchange trading fee and the SFC transaction levy on the offer of the Sale Shares. The Company will be responsible for its own legal fees, all listing fees of the Stock Exchange and capital duty on the issue of its share capital, if any, and the Stock Exchange trading fee and the SFC transaction levy on the offer of the New Shares. Based on an Offer Price of HK\$2.00 (being the medium of the indicative Offer Price range of HK\$1.70 per Offer Share and HK\$2.29 per Offer Share), the underwriting commission, together with the advisory and documentation fees, legal and other professional fees, applicable printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$14.26 million in total, out of which approximately HK\$1.80 million is payable by the Selling Shareholder.

Sponsor's independence

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

Underwriters' interests in the Company

Save for their respective interests and obligations under the Underwriting Agreements, none of the Underwriters or any of their respective Associates has any shareholding interests in the Company or any of the Company's subsidiaries or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of the Company's subsidiaries.