
UNDERWRITING

Hong Kong Underwriters

China Everbright Securities
Cheong Lee Securities Limited
Kingsway Financial Services Group Limited
Mizuho Securities Asia Limited
Oriental Patron Securities Limited
VC Brokerage Limited

International Underwriters

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Cheong Lee Securities Limited
Kingsway Financial Services Group Limited
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UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering our Hong Kong Offer Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst others, the International Underwriting Agreement becoming unconditional and not having been terminated. Subject to the listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus being granted by the Listing Committee of the Stock Exchange and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers, for our Hong Kong Offer Shares.

Grounds for termination

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to the termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) by notice in writing given to our Company prior to 8:00 a.m. (Hong Kong time) on the Listing Date if any of the following events shall occur prior to such time:—

- (a) there shall develop, occur or come into force:—
 - (i) 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 the PRC or Hong Kong or any other jurisdiction(s) relevant to our Company and our subsidiaries or any other similar event which in

UNDERWRITING

the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or

- (ii) any change (whether or not permanent) in the PRC, Hong Kong and other countries or territories relevant to our Group's present business operation in relation to national, regional, financial, military, industrial or economic conditions, or the stock market, fiscal or political conditions, or regulatory or market conditions and matters and/or disasters which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (iii) without prejudice to sub-paragraph (i) or (ii) above, the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange; or
- (iv) any event, or series of events, beyond the control of the Hong Kong Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God, accident, terrorism, outbreak of disease or epidemic (including but not limited to severe acute respiratory syndrome, H5N1, H1N1, avian influenza and such related or mutated forms)) which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) would constitute a material adversely effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (v) any change or development occurs involving a prospective change in taxation or in exchange control in the PRC, Hong Kong, the BVI, the Cayman Islands or any other countries or territories to which any member of our Group is subject or the implementation of any exchange controls which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) would or might adversely affect any member of our Group in a material way; or
- (vi) any litigation or claim which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any countries or territories relevant to our Group's present operation which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole;

UNDERWRITING

and in any such other event, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), has a material adverse effect on the Global Offering; or

- (b) there comes to the notice of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) any matter or event showing (i) any of the representations and warranties contained in the Hong Kong Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material or (ii) any of the obligations or undertakings expressed to be assumed by or imposed on the warrantors under the Hong Kong Underwriting Agreement not to have been complied with in any respect considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the overall context of the Global Offering; or
- (c) any statement contained in this prospectus, the submissions, documents or information provided to the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), the Stock Exchange, the legal advisers to the Sole Global Coordinator and the Underwriters and any other parties involved in the Global Offering which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or
- (d) matters have arisen or have been discovered which would, if this prospectus was to be issued at that time, constitute, in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), a material omission of such information; or
- (e) there is any adverse change in the business or in the financial or trading position of our Group which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) is material in the overall context of the Global Offering; or
- (f) there comes to the notice of the Sole Global Coordinator any information, matter or event which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) would cast any serious doubt on the reputation of our Group to the extent that any statements in this prospectus will be misleading or incorrect in a material way.

UNDERWRITING

Undertakings

Each of our Controlling Shareholders jointly and severally undertakes to and covenants with our Company, the Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that:

- (a) he and it will not, and will procure that none of his or its associates or the companies controlled by him or it will, within the period commencing on the date by reference to which disclosure of the shareholding of our 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**”), sell, transfer, dispose of or create any right (including without limitation the creation of any option, pledge, charge, or other encumbrance or rights) on any of our Shares or any interests therein owned by him or it or any of their associates or in which he or it or any of their associates is, directly or indirectly interested immediately after the completion of the Global Offering (or any other shares or securities of or interest in our Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise), or sell, transfer, dispose of or create any right (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares or interest in any company controlled by him or it or any of their associates which is the beneficial owner (directly or indirectly) of any of such Shares or any interests therein as aforesaid (or any other shares or securities of or interest in our Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); and
- (b) save with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), within a further six months commencing on the expiry of the First Six Month Period (the “**Second Six Month Period**”), he and it will not, and will procure that none of his or its associates or the companies controlled by him or it or any of their associates will sell, transfer, dispose of or create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) on any Shares or any interests therein referred to in paragraph (a) above or sell, transfer, dispose of or create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares in any company controlled by him or it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid if, immediately following such disposal or creation of rights, any of our Controlling Shareholders and its shareholders (together with his or its associates), either individually or taken together with the others, would, directly or indirectly, cease to be a controlling shareholder (within the meaning of the Listing Rules) of our Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him, and/or any of their associates which owns such Shares or interests as aforesaid.

UNDERWRITING

Our Company undertakes to and covenants with the Sole Global Coordinator and the Hong Kong Underwriters that and each of our Controlling Shareholders and our executive Directors undertakes to and covenants with the Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that he/it will procure our Company that, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), save pursuant to the Global Offering, the Capitalisation Issue, the grant of any option under the Share Option Scheme, or the issue of Shares upon exercise of any option granted under the Share Option Scheme or the issue of Shares upon exercise of the Over-allotment Option, (a) within the First Six Month Period, our Company and our subsidiaries will not, issue or agree to issue (conditionally or unconditionally) any shares or securities of, or grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for any securities of, our Company or any of our subsidiaries; and (b) at any time during the Second Six Month Period, issue or grant (conditionally or unconditionally) any options or right to subscribe for or otherwise convert into or exchange for shares or securities in our Company or any of our subsidiaries so as to result in any of our Controlling Shareholders or its shareholders (together with any of their associates) either individually or taken together with the others of them cease to be a controlling shareholder (within the meaning of the Listing Rules) of our Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer in any of the companies controlled by him or it or any of their associates which owns any Shares or our Company ceasing to hold a controlling interest of over 30%, directly or indirectly, in any of such subsidiaries.

Each of our Company, our Controlling Shareholders and our executive Directors undertakes to and covenants with the Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that save with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Underwriters), no subsidiaries will during the First Six Month Period purchase any Shares.

Without prejudice to the above, each of our Controlling Shareholders and our executive Directors undertakes and covenants with our Company, the Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that:

- (a) save with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) (such consent shall not be unreasonably withheld), during the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it shall not and shall procure that none of his or its associates shall pledge or charge or create any other rights or encumbrances in any Shares or any interest therein owned by him or it or any of their associates or in which he or it or any of their associates is, directly or indirectly, interested immediately following completion of the Global Offering (or any other Shares or interest in the Shares arising or deriving therefrom) or any share or interest in any company controlled by him or it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or interest therein as aforesaid (or any other Shares or interest in our Shares arising or deriving therefrom); and

UNDERWRITING

- (b) in the event that consent is granted by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), when he or it or any of their associates shall pledge, charge or create any encumbrance or other right or any of our Shares or interests referred to in paragraph (a) above, he or it shall give prior written notice of not less than three business days to the Stock Exchange, our Company, the Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) giving details of the number of Shares, shares in our Company which is the beneficial owner of such Shares, or the interests as aforesaid, the identities of the pledgee or person (the “**Mortgagee**”) in favour of whom the pledge, charge, encumbrance or interest is created and further if he or it or any of their associate is aware of or receives indications or notice, either verbal or written, from the Mortgagee that the Mortgagee will dispose of or transfer any of our Shares or interests referred to in paragraph (a) above, he or it will immediately notify the Stock Exchange, our Company, the Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in writing of such indications and provide details of such disposal or transfer to the Stock Exchange, our Company, the Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) as they may require.

Our Company undertakes and covenants with the Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that our Company shall forthwith inform the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Stock Exchange in writing immediately after it has been informed of the matters referred to in paragraph (b) above and our Company shall, if so required by the Stock Exchange or the Listing Rules, disclose such matters by way of an announcement and shall comply with all requirements of the Stock Exchange.

The International Placing

In connection with the International Placing, it is expected that our Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, our Company will offer our International Placing Shares for subscription by certain professional, institutional and other investors at the Offer Price payable in full on subscription, on and subject to the terms and conditions set out in the International Underwriting Agreement. It is expected that the International Underwriters will agree to severally underwrite for our International Placing Shares.

Commission

The Hong Kong Underwriters will receive a commission of 3% of the aggregate Offer Price of our Hong Kong Offer Shares underwritten by the Hong Kong Underwriters and the International Underwriters will receive a commission of 3% of the aggregate of the Offer Price of our International Placing Shares underwritten by the International Underwriters, out of which they will pay any sub-underwriting commissions.

UNDERWRITING

The Sponsor will in addition receive sponsorship and documentation fees. The underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK\$2.15 (being the mid-point of Offer Price range between HK\$1.81 per Offer Share and HK\$2.49 per Offer Share), are estimated to amount to approximately HK\$35.0 million in total (assuming that the Over-allotment Option is not being exercised).

Hong Kong Underwriters' interests in our Company

China Everbright will be appointed as the compliance adviser of our Company with effect from the Listing Date until the despatch of our audited consolidated financial results for the first full financial year after the Listing Date, and we will pay an agreed fee to China Everbright for its provision of services with the scope required under the Listing Rules.

Save for their interests and obligations under the Underwriting Agreements, none of the Sponsor, the Sole Global Coordinator or the Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

Minimum public float

Our Directors will ensure that there will be a minimum of 25% of the total Shares in issue in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Capitalisation Issue and the Global Offering.