

## UNDERWRITING

### HONG KONG UNDERWRITERS

#### Lead Manager

Guotai Junan Securities (Hong Kong) Limited

#### Co-Lead Manager

Mizuho Securities Asia Limited

#### Co-Managers

China Merchants Securities (HK) Co., Limited

CIMB Securities (HK) Limited

Ever-Long Securities Company Limited

Oriental Patron Securities Limited

OSK Securities Hong Kong Limited

VC Brokerage Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong 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.

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 the 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 the 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 Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) by notice in writing given to the Company prior to 8:30 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 the Company and its subsidiaries or any other similar event which in the sole and absolute opinion of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has or is

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likely to have material adverse effect on the business or financial conditions or prospects of the Group or which may be expected to adversely affect the business or financial condition or prospects of the Group in a material way; or

- (ii) any change (whether or not permanent) in Hong Kong, the PRC, Asia, US, Europe, Middle-East, national, regional, international, financial, military, industrial or economic conditions or prospects, stock market, fiscal or political conditions, regulatory or market conditions and matters and/or disasters; 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 due to exceptional financial circumstances or otherwise; 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, avian influenza and such related or mutated forms)) which would or might adversely affect any member of the Group or its present or prospective shareholders in their capacity as such; or
- (v) any change or development occurs involving a prospective change in taxation or in exchange control in Hong Kong, BVI, Cayman Islands, the PRC or any other jurisdiction to which any member of the Group is subject or the implementation of any exchange controls which in the sole and absolute opinion of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) would or might adversely affect any member of the Group or its present or prospective shareholders in their capacity as such in a material way; or
- (vi) any litigation or claim of material importance to the business, financial or operations of the Group being threatened or instituted against any member of the Group; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the US or by the European Union (or any member thereof) on the PRC or Hong Kong;

and any such event, in the sole and absolute opinion of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), has or may have a material adverse effect on the Global Offering, or makes it inadvisable or inexpedient to proceed with the Global Offering; or

- (b) there comes to the notice of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) any matter or event showing 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 Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material or showing any of the obligations or undertakings expressed to be assumed by or imposed on the Company or the

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Warrantors (as defined therein) under the Hong Kong Underwriting Agreement not to have been complied with in any respect considered by the 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) there comes to the notice of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) any breach on the part of the Company or any of the covenantors to the Hong Kong Underwriting Agreement of any provisions of the Hong Kong Underwriting Agreement in any respect which is considered by the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) to be material in the overall context of the Global Offering; or
- (d) any statement contained in this prospectus, the submissions, documents or information provided to the Sponsor or the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), the Stock Exchange, the SFC, the legal adviser to the Sponsor, the Global Coordinator and the Hong Kong Underwriters and any other parties involved in the Global Offering which in the sole and absolute opinion of the 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
- (e) matters have arisen or have been discovered which would, if this prospectus was to be issued at that time, constitute, in the sole and absolute opinion of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), a material omission of such information; or
- (f) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the sole and absolute opinion of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) is material in the overall context of the Global Offering; or
- (g) there comes to the notice of the Global Coordinator or any of the Hong Kong Underwriters any information, matter or event which in the reasonable opinion of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):
  - (i) is inconsistent in any material respect with any information contained in the Declaration and Undertaking with regard to Directors (Form B) given by any Directors pursuant to the Global Offering; or
  - (ii) would cast any serious doubt on the integrity or reputation of any Director or the reputation of the Group.

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### Undertakings

Each of Nian's Holding, Chim Wai Kong, Chim Wai Shing Jackson, Chim Fo Che, Nian Wei Deng, Hong Ming Qu, Hui Cheung Mau, Sze Fo Chau, Hong Lian Qiao, Gerfalcon Holding and the Pre-IPO Investor (together, the "Covenantors") jointly and severally undertakes to and covenants with the Company, the Sponsor, the 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 his/its shareholding 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 the 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 the 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 the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); and
- (b) (in the case of the controlling shareholder only) 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 the Founders, 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 the 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 Hong Kong Code on Takeovers and Mergers (the "Code") as being the level for triggering a mandatory general offer, in any of the companies controlled by him it and/or any of their associates which owns such Shares or interests as aforesaid.

The Company undertakes to and covenants with the Sponsor, the Global Coordinator and the Hong Kong Underwriters that and each of the Covenantors undertakes to and covenants with the Sponsor, the Global Coordinator and the Hong Kong Underwriters that it will procure the Company that, without the prior written consent of the 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 under the Share

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Option Scheme, or the issue of Shares upon exercise of the Over-allotment Option (a) within the First Six Month Period, the Company and its major subsidiaries (as defined in Chapter 13 of the Listing Rules) 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, the Company or any of its major subsidiaries (defined as aforesaid); 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 the Company or any of its major subsidiaries (defined as aforesaid) so as to result in any of the Founders (together with any of their associates) either individually or taken together with the others cease to be a controlling shareholder (within the meaning of the Listing Rules) of the 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 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 the Company ceasing to hold a controlling interest of over 30%, directly or indirectly, in any of such major subsidiaries (defined as aforesaid).

Each of the Company and the Covenantors undertakes to and covenants with the Sponsor, the Global Coordinator and the Hong Kong Underwriters that save with the prior written consent of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), no company in the Group will during the First Six Month Period purchase any securities of the Company.

Without prejudice to the above, each of the Covenantors undertakes and covenants with the Company, the Sponsor, the Global Coordinator and the Hong Kong Underwriters that:

- (a) save as to the extent as allowed under the Listing Rules, during the period commencing on the date by reference to which disclosure of the shareholding of the Covenantors 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 securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise) 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 securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); and
- (b) when he or it or any of their associates shall pledge, charge or create any encumbrance or other right or any of the Shares or interests referred to in paragraph (a) above, he or it shall give prior written notice to the Stock Exchange and make the relevant disclosure in such manner as required by the Listing Rules, and further if he or it or any of their associates 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 the Shares or interests referred to in paragraph (a) above, he or it will immediately notify the Stock Exchange, the Company, and as soon as practicable notify the Sponsor, the Global Coordinator and the Hong Kong

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Underwriters in writing of such indications and provide details of such disposal or transfer to the Stock Exchange, the Company, the Sponsor, the Global Coordinator and the Hong Kong Underwriters as they may require.

The Company and the Covenantors undertake and covenant with the Sponsor, the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Hong Kong Underwriters that they shall forthwith as far as practicable inform the Sponsor, the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Stock Exchange in writing immediately upon the occurrence of any of the matters referred to in paragraphs (a) and (b) above and the 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 the Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, the Company will offer the International Placing Shares for placing with certain professional, institutional and private investors and the International Underwriters will agree to severally subscribe for the International Placing Shares.

### **Commission**

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Offer Shares. The Sponsor and the Global Coordinator will in addition receive an incentive fee of up to 0.88% of the aggregate Offer Price of all the Offer Shares. 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 attributable to the Company and the Selling Shareholder relating to the Global Offering, assuming an Offer Price of HK\$2.81 (being the mid-point of Offer Price range between HK\$2.36 per Offer Share and HK\$3.26 per Offer Share), are estimated to amount to approximately HK\$33.2 million and HK\$6.4 million in total (assuming that the Over-allotment Option is not being exercised).

### **Underwriters' interests in the Company**

Save (i) as disclosed in this prospectus, and (ii) for their interests and obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Hong Kong Underwriters is interested beneficially or non-beneficially in any shares in any member of the 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 the Group.