
UNDERWRITING

HONG KONG PUBLIC OFFER UNDERWRITERS

DBS Asia Capital Limited
Kim Eng Securities (Hong Kong) Limited
Celestial Capital Limited
KGI Capital Asia Limited
VC Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Public Offer Underwriting Agreement

Pursuant to the Hong Kong Public Offer Underwriting Agreement, we have agreed to offer the Hong Kong Public 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. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Public Offer Underwriting Agreement, the Hong Kong Public Offer Underwriters have severally but not jointly agreed to procure subscribers, or failing which they shall subscribe for their respective applicable proportions of the Hong Kong Public Offer Shares now being offered which are not taken up under the Hong Kong Public Offer on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Public Offer Underwriting Agreement.

Grounds for termination

The obligations of the Hong Kong Public Offer Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Joint Lead Managers (for themselves and on behalf of the Hong Kong Public Offer Underwriters) have the right, at their sole and absolute discretion, to terminate the Hong Kong Public Offer Underwriting Agreement if any of the following events occur:

- (a) there has come to the notice of the Joint Lead Managers:
 - (i) that any statement contained in any offer documents as defined in the Hong Kong Public Offer Underwriting Agreement (“**Offer Documents**”) including this prospectus and the Application Forms, considered by the Joint Lead Managers in their sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that

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any forecasts, expression of opinion, intention or expectation expressed in any Offer Documents including this prospectus and the Application Forms are not, in the sole and absolute opinion of the Joint Lead Managers, in all material respects, fair and honest 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 an omission therefrom considered by the Joint Lead Managers in their sole and absolute opinion to be material in the context of the Global Offering; or
 - (iii) any breach of any of the obligations imposed upon any party to the Hong Kong Public Offer Underwriting Agreement which is considered by the Joint Lead Managers in their sole and absolute opinion to be material in the context of the Global Offering (other than the Hong Kong Public Offer Underwriters or the International Underwriters); or
 - (iv) any change or development involving a prospective change in the conditions, assets, liabilities, business affairs, prospects, profits, losses or the financial or trading position or performance of any member of our Group which is considered by the Joint Lead Managers in their sole and absolute opinion to be material in the context of the Global Offering; or
 - (v) any breach, considered by the Joint Lead Managers in their sole and absolute opinion to be material in the context of the Global Offering, of any of the warranties contained in the Hong Kong Public Offer Underwriting Agreement; or
 - (vi) approval by the Listing Committee of the listing of, and permission to deal in, our Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (vii) our Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or
 - (viii) any person (other than the Hong Kong Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God,

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acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics and such related or mutated forms or interruption or delay in transportation); or

- (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, regional, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or matters or monetary or trading settlement system (including without limitation any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar against any foreign currency, or any interruption in securities settlement or clearance service or procedures in Hong Kong or anywhere in the world); or
- (iii) any new law or regulation or change or development involving a prospective change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC or any other jurisdictions relevant to any members of our Group; or
- (iv) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States or by the European Union (or any member thereof) on Hong Kong, the PRC or any other jurisdictions relevant to any members of our Group; or
- (v) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws or regulations in Hong Kong, the PRC or any other jurisdictions relevant to any member of our Group; or
- (vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (vii) any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or
- (viii) a Director being charged with an indictable offence or prohibited by operation of law or regulations or otherwise disqualified from taking part in the management of a company; or
- (ix) the chairman or chief executive officer of our Company vacating his office in circumstances where the operations of our Group will be materially and adversely affected; or

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- (x) the commencement by any regulatory body of any public action against a Director in his capacity as such or an announcement by any regulatory body that it intends to take any such action; or
- (xi) a contravention by any member of our Group of the Companies Ordinance, the Companies Law, the Listing Rules or any applicable laws; or
- (xii) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or
- (xiv) other than with the approval of the Joint Lead Managers, the issue or requirement to issue by us of a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules; or
- (xv) a valid demand 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
- (xvi) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xvii) a petition or an order 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 our 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 anything analogous thereto occurs in respect of any member of our Group; or
- (xviii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or other jurisdictions relevant to any member of our Group,

which in each case or in aggregate in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Hong Kong Public Offer Underwriters):

- (a) is or will or could be expected to have an adverse effect on the general affairs, management, business, financial, trading or other condition or prospects or risks of us or any member of our Group or on any present or prospective shareholder in his, her or its capacity as such; or

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- (b) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or
- (c) makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or
- (d) would have the effect of making any part of the Hong Kong Public Offer Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement (including underwriting) or any agreement between the Hong Kong Public Offer Underwriters and the International Underwriters incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

UNDERTAKINGS

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue 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 pursuant to the Global Offering (including the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertaking by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that:

- (a) each of them shall not and shall procure that his associates or companies controlled by each of them or his nominees or trustees (as the case may be) shall not, except pursuant to the Stock Borrowing Agreement, in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (“**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 our Shares in respect of which they are shown by this prospectus to be the beneficial owners (whether direct or indirect); and
- (b) in the period of six months immediately after the expiry of the First Six Month Period (“**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 our Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be the controlling shareholders (as defined in the Listing Rules) of our Company.

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Each of our Controlling Shareholders has also undertaken to our Company and the Stock Exchange that within the period commencing on the date by reference to which disclosure of his shareholding is made in this prospectus and ending on the date which is 12 months from the date on which dealings in our Shares commence on the Stock Exchange, each of them will:

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

We undertake to inform the Stock Exchange as soon as we have received information relating to the above pledge or charge and disclose such matters by way of an announcement which will be published in accordance with the requirements under the Listing Rules.

Other undertakings

(A) Undertaking by us

We have undertaken to each of the Joint Lead Managers, the Sole Global Coordinator and the Hong Kong Public Offer Underwriters that at any time from the date of the Hong Kong Public Offer Underwriting Agreement up to and including the date ending the First Six Month Period, we will not (except for the issue of Shares under the Global Offering, the Over-allotment Option and any options which may be granted, or the grant of options under the Share Option Scheme) without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Hong Kong Public Offer Underwriters) (subject to the requirements set out in the Listing Rules):

- (a) offer, accept subscription for, pledge, charge, mortgage, allot, issue, sell, 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 the share capital or securities of our Company or any interest in our securities or any voting right or any other right attaching thereto (including but not limited any securities convertible into, exercisable or exchangeable for, or that represent the right to receive such share capital or securities or any interest in our share or debt capital); or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share or debt capital or securities or any interest in our securities or any voting right or any other right attaching thereto; or

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- (c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) publicly announce any intention to enter into any transaction described in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise. We further agree that in the event of an issue or disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto 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.

(B) Undertaking by Undertaking Shareholders

Each of our Controlling Shareholders, Mr. Gao Zhilong, Mr. Gu Aoxing, Mr. Wang Zhizhong, Mr. Fu Chengzheng and Mr. Chai Xishu (together with the Controlling Shareholders, the “**Undertaking Shareholders**”) has further undertaken with each of the Joint Lead Managers, the Sole Global Coordinator and the Hong Kong Public Offer Underwriters that, except pursuant to the Global Offering, the Over-allotment Option or the stock borrowing arrangement, the Undertaking Shareholders shall not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Public Offer Underwriters), which consent shall not be unreasonably withheld, at any time during the period commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date:

- (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or grant, contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interest or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, or cause us to repurchase, any of our Shares or debt capital or our other securities or any interest in our Shares or debt capital or any voting right or any other right attaching thereto (including but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any of our Shares or debt capital or our other securities or any interest in our Shares or debt capital owned directly by the Undertaking Shareholders (including holding as a custodian) or with respect to which the Undertaking Shareholders have beneficial ownership (collectively the “**Lock-up Shares**”)). The foregoing restriction is expressly agreed to preclude the Undertaking Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than the Undertaking Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto; or
- (c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

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- (d) publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above,

whether any transaction described in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities in cash or otherwise.

The Undertaking Shareholders further agree that in the event of a disposal of any Lock-up Shares, securities or any interest of our securities or any voting right or any other right attaching thereto during the Second Six Month Period, he will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares.

The Joint Bookrunners will not give its written consent allowing either of the Controlling Shareholders to dispose of the Lock-up Shares during the Second Six Month Period, if such disposal will render the Controlling Shareholders collectively cease to be the controlling shareholder (as defined in the Listing Rules) of our Company.

Each of the Undertaking Shareholders shall irrevocably grant to the Joint Bookrunners a right of first refusal to act as (or for the relevant nominee or affiliate of the Joint Bookrunners to act as) his placing agent in respect of any placement or disposal of the Lock-up Shares during the Second Six Month Period. For each placement or disposal of the Lock-up Shares (a “**Proposed Placing**”), each of the Undertaking Shareholders shall make an offer to the Joint Bookrunners for the appointment of placing agent in respect of the Proposed Placing and discuss in good faith with the Joint Bookrunners (or the relevant nominee or affiliate of the Joint Bookrunners, as the case may be) with a view to agreeing on the terms of such appointment including the fees and commissions and executing the necessary documentation upon terms as shall be appropriate and customary for internationally recognised investment banking firms for transactions of the type under contemplation. Each of the Undertaking Shareholders shall not place or dispose of the Lock-up Shares unless (i) the Joint Bookrunners shall first have declined such offer in writing or shall not have accepted such offer within a reasonable period after such offer was made; (ii) he shall first have obtained the written consent from the Joint Bookrunners as referred to in sub-paragraph (B) under the paragraph headed “Other undertakings” in the section headed “Underwriting” in this prospectus; and (iii) in the event that the proposed terms for him to appoint a party other than the Joint Bookrunners (or the relevant nominee or affiliate of the Joint Bookrunners, as the case may be) (a “**Third Party**”) to act as placing agent for such Proposed Placing are more favourable than the ones offered to the Joint Bookrunners, he shall first make the same offer to the Joint Bookrunners and he shall not appoint such Third Party unless the Joint Bookrunners shall have first declined such offer in writing, or shall not have accepted such offer within a reasonable period after such offer was made. For the avoidance of doubt, the Joint Bookrunners are entitled (but not obligated) to be so appointed.

The Undertaking Shareholders have undertaken to each of our Company, the Joint Lead Managers, the Sole Global Coordinator and the Hong Kong Public Offer Underwriters that at any time during the Second Six Month Period, he shall:

- (a) if he pledges or charges or otherwise creates encumbrances over any Shares or securities of our Company or interests therein in respect of which he is the beneficial owner, whether directly or indirectly, immediately inform each of our Company, the Joint Lead Managers, the Sole Global Coordinator and the Hong Kong Public Offer Underwriters in writing of any such pledges or charges or encumbrances and the number of Shares or securities of our Company so pledged or charged or encumbered; and
- (b) if he receives any indication, either verbal or written, from any pledgee or chargee or encumbrancer or such third party that any of the pledged, charged, encumbered Shares or other securities of our Company will be disposed of, immediately inform each of our Company, the Joint Lead Managers, the Sole Global Coordinator and the Hong Kong Public Offer Underwriters in writing of any such indication.

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Indemnity

We and our Controlling Shareholders have agreed to indemnify the Hong Kong Public Offer Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Public Offer Underwriting Agreement and any breach by us of the Hong Kong Public Offer Underwriting Agreement.

International Placing

In connection with the International Placing, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to subscribe or purchase or procure subscribers or purchasers to subscribe or purchase for the International Placing Shares being offered pursuant to the International Placing.

Our Company will grant to the Joint Lead Managers the Over-allotment Option, exercisable by the Joint Lead Managers on behalf of the International Underwriters at any time within 30 days after the last day for lodging applications under the Hong Kong Public Offer, to require our Company to allot and issue up to an aggregate of 58,500,000 additional Shares representing approximately 15% of the number of Offer Shares initially available under the Global Offering at the Offer Price, to cover, among other things, over-allocations, if any, in the International Placing.

Commissions, incentive fees and expenses

The Underwriters will receive an underwriting commission and an incentive fee at the rate of 3.5% and 1.0% of the aggregate Offer Price payable for the Offer Shares respectively (including Shares to be issued pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commissions. In addition, an additional incentive fee of 0.5% on the Offer Price of all the Offer Shares will be paid to the Joint Bookrunners, if the Over-allotment Option is exercised subject to the terms of the Underwriting Agreements. The underwriting commission and incentive fee is estimated to be an amount of approximately HK\$13.5 million (based on Offer Price of HK\$0.77 per Offer Share and assuming that the Over-allotment Option is not exercised) and are payable by our Company and the Selling Shareholders with reference to the number of Offer Shares issued or sold by each of them under the Global Offering.

The listing fees, the Stock Exchange trading fees, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, is currently estimated to be approximately HK\$27.8 million in aggregate and 76.9% of which is payable by our Company, and the remaining 23.1% of which is payable by the Selling Shareholders with reference to the number of Offer Shares issued or sold by each of them under the Global Offering.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the Underwriting Agreements or otherwise disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

SPONSOR'S INDEPENDENCE

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