
UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Taifook Securities
CIMB Securities (HK) Limited
Grand Vinco Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Under the Public Offer Underwriting Agreement, the Company has agreed to offer the Public Offer Shares to the public in Hong Kong for subscription on and subject to the terms and conditions of this prospectus and the Application Forms.

Pursuant to the Public Offer Underwriting Agreement, and conditional upon, inter alia, the Listing Committee granting listing of, and permission to deal in, the Shares, in issue and to be issued as mentioned in this prospectus on or before 8:00 a.m. on 11 October 2010 or such later date as the Lead Manager (on behalf of the Public Offer Underwriters) may agree in writing but in any event not later than 27 October 2010 and certain other conditions including the Offer Price being determined by the Company (for itself and on behalf of the Selling Shareholder) and the Lead Manager (on behalf of the Underwriters), and the entering into of the Placing Underwriting Agreement and the Price Determination Agreement on or before the Price Determination Date, the Public Offer Underwriters have severally agreed to subscribe for, or procure subscribers to subscribe for, the Public Offer Shares which are not taken up under the Public Offer on the terms and conditions of the Public Offer Underwriting Agreement, this prospectus and the Application Forms.

Grounds for termination

The Lead Manager (on behalf of the Public Offer Underwriters) is entitled to terminate the Public Offer Underwriting Agreement by giving written notice before 8:00 a.m. (Hong Kong time) on the Listing Date (“Termination Time”) to the Company if any of the following events shall occur prior to the Termination Time:

- (a) there comes to the notice of any of the Sole Sponsor, the Lead Manager or any of the Public Offer Underwriters of any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the warranties or any other obligations imposed on any party to the Public Offer Underwriting Agreement (other than those undertaken by the Public Offer Underwriters, the Sole Sponsor and/or the Lead Manager) which, in any such cases, is considered, in the sole and absolute opinion of the Lead Manager (on behalf of the Public Offer Underwriters), to be material in the context of the Share Offer; or

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- (b) any statement contained in this prospectus or the Application Forms has become or been discovered to be untrue, incorrect or misleading in any respect; or
- (c) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters), an omission in the context of the Share Offer; or
- (d) any event, act or omission which gives or is likely to give rise to any material liability of the Company or any of the Controlling Shareholders and the executive Directors arising out of or in connection with any representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
- (e) there comes to the notice of any of the Sole Sponsor, the Lead Manager or any of the Public Offer Underwriters any breach by any party to the Public Offer Underwriting Agreement (other than the Sole Sponsor, the Lead Manager or the Public Offer Underwriters) of any provision thereof which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sole Sponsor and the Public Offer Underwriters), is material; or
- (f) the Placing Underwriting Agreement is terminated for whatever reason; or
- (g) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
 - (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 Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group; or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the Group, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
 - (iii) any change in the conditions of Hong Kong, the US, the PRC or international equity securities or other financial markets; or

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- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the Group; or
- (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of the Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US or by the European Union (or any member thereof) on Hong Kong or the PRC; or
- (viii) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out (whether or not covered by insurance); or
- (x) any other change whether or not ejusdem generis with any of the foregoing,

which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters):

- (aa) is or will be or is likely to be adverse, in any material respect, to the business, financial or trading condition or prospects of the Group taken as a whole or, in the case of sub-paragraph (v) above, on any present or prospective shareholder in his/its capacity as such shareholder of the Company; or
- (bb) has or will have or is likely to have a material adverse effect on the success of the Share Offer as a whole or the level of the Offer Shares being demanded, applied for or accepted, the distribution of the Offer Shares; or
- (cc) for any reason makes it impracticable, inadvisable or inexpedient to proceed with the Share Offer as a whole.

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For the above purpose, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any change of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions, and any market fluctuations, whether or not within the normal range therefor, may be considered as a change of market conditions referred to above.

Undertakings

Under the Public Offer Underwriting Agreement, each of the Controlling Shareholders has jointly and severally undertaken to and covenanted with the Company and each of the Sole Sponsor, the Lead Manager and the Public Offer Underwriters not to dispose of his/her/its interest in the Company during certain period subject to the terms and conditions of the Public Offer Underwriting Agreement. Details of such non-disposal undertaking are set out in the paragraph headed “Restrictions on disposal of Shares” in the section headed “Persons having notifiable interests under the SFO” in this prospectus.

The Company has undertaken to and covenanted with the Sole Sponsor, the Lead Manager and the Public Offer Underwriters that, and each of the Controlling Shareholders and the executive Directors has jointly and severally undertaken to the Sole Sponsor, the Lead Manager and the Public Offer Underwriters to procure (so far as he/she/it is able to do so) that:

- (a) without the prior written consent of the Sole Sponsor and the Lead Manager (on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and subject always to the requirements of the Stock Exchange, save for the Offer Shares, the Shares to be issued pursuant to the Capitalisation Issue, the grant of the Over-allotment Option, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, or otherwise than by way of scrip dividend schemes or similar arrangements in accordance with the memorandum of association and the Articles or any consolidation, sub-division or capital reduction of the Shares, the Company shall not allot or issue, accept subscriptions for, offer, sell or contract to sell, grant or agree to grant any option or other right in, directly or indirectly, conditionally or unconditionally, any shares, warrants or other convertible or exchangeable securities carrying the right to subscribe for or exchangeable into shares or other securities of the Company or enter into any swap agreement or any other arrangement, scheme or capital reorganisation that transfers (or the effect of which is to transfer), in whole or in part, any of the economic consequences of ownership of any shares or other securities of the Company, whether any of the foregoing transactions or arrangement is to be settled by delivery of such shares or other securities, in cash or otherwise, or offer or agree to do any of the foregoing or announce any intention to do so:
 - (i) at any time during 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 (“**First Lock-up Period**”); or

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- (ii) at any time commencing on the expiry of the First Lock-up Period and ending six months thereafter so as to result in the Controlling Shareholders, taken together with the other of them, ceasing to be a group of controlling shareholders (as defined in the Listing Rules) of the Company; or
- (b) at any time during the First Lock-up Period, subject to the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, the Company shall not make or agree to make any repurchase of Shares or other securities of the Company.

Placing

In connection with the Placing, it is expected that the Company and the Selling Shareholder will enter into the Placing Underwriting Agreement with, among others, the Sponsor, the Lead Manager and the Placing Underwriter(s) on or about 4 October 2010. Under the Placing Underwriting Agreement, the Placing Underwriter(s) will, subject to certain conditions, agree to subscribe for or purchase or procure subscribers or purchasers to subscribe for and purchase the Placing Shares to be offered under the Placing.

It is expected that under the Placing Underwriting Agreement, the Company will grant the Over-allotment Option to the Lead Manager (in its sole and absolute discretion) to require the Company at any time within a period commencing from the Listing Date and ending on the 30th day after the last date for lodging of applications under the Public Offer, to allot and issue up to an aggregate of 30,000,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, to cover over-allocations in the Placing and/or to satisfy the Lead Manager's obligation to return Shares borrowed under the Stock Borrowing Agreement.

Commission and expenses

The Underwriters will receive an underwriting commission of 3% 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 Sole Sponsor will receive financial advisory and documentation fees for acting as the Sole Sponsor to the Share Offer. Assuming the Over-allotment Option is not exercised, based on an Offer Price of HK\$1.04 (being the mid-point of the indicative Offer Price range of HK\$1.13 per Offer Share and HK\$0.94 per Offer Share), such underwriting commission and fees, together with the Stock Exchange listing fee, legal and other professional fees, applicable printing and other expenses relating to the Share Offer, are estimated to be about HK\$27.6 million in total. Under the Underwriting Agreements, the listing expenses (other than the underwriting commission and the related Stock Exchange trading fee and the SFC transaction levy which shall be borne by the Company and the Selling Shareholder in proportion to the number of Offer Shares offered by each of them against the total number of the Offer Shares) shall be borne as to 95% and 5% by the Company and the Selling Shareholder, respectively.

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Underwriters' interests in the Company

Save for their respective obligations and interests under the Underwriting Agreements as disclosed above and the proposed appointment of the Sole Sponsor as compliance adviser of the Company, none of the Underwriters has any shareholding interest in the Company or any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.