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## UNDERWRITING

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### HONG KONG UNDERWRITERS

CCB International Capital Limited

First Shanghai Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### *Hong Kong Public Offer*

#### **Hong Kong Underwriting Agreement**

The Hong Kong Underwriting Agreement was entered into on 26 October 2010. As described in the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this Prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the Listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this Prospectus, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this Prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming, and continuing to be, unconditional in accordance with its terms (other than any condition for the Hong Kong Underwriting Agreement to become unconditional) and not having been terminated.

#### **Grounds for termination**

The respective obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Global Coordinator, at its sole and absolute discretion, for itself and on behalf of the Hong Kong Underwriters, if any of the following events occur prior to 8:00 am on the Listing Date:

- (i) there has come to the notice of the Sole Global Coordinator that:
  - (a) any statement contained in, among others, the Prospectus, the Application Forms and the formal notice, 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 context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed in, among others, the Prospectus, the Application Forms and the formal notice, is not, in the sole and absolute opinion of the Sole Global Coordinator, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or
  - (b) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before Wednesday, 27 October 2010, constitute an omission therefrom 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 context of the Global Offering; or

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- (c) any of the representations and warranties given by any of the Underwriting Warrantors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached in any respect and 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 context of the Global Offering; or
- (d) any material breach of any of the obligations or undertakings imposed upon any party (other than the Sole Global Coordinator or any of the Underwriters) to any of the Underwriting Agreements; or
- (e) any material change or prospective change (whether or not permanent) in the condition, business, assets and liabilities, properties, results of operations, in the financial or trading position or prospect of our Group as a whole; or
- (f) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, or if granted, the approval is subsequently withdrawn, qualified or withheld; or
- (g) our Company withdraws any of the Prospectus, Application Forms and the formal notice, among others, (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or
- (h) any matter, event, act or omission which gives or is likely to give rise to any material liability of any of the Underwriting Warrantors pursuant to the indemnities given by any of the Underwriting Warrantors in the Hong Kong Underwriting Agreement; or
- (i) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Prospectus, Application Forms and the formal notice, among others, or to the issue of any of the Prospectus, Application Forms and the formal notice, among others; or
- (ii) there shall develop, occur, exist or come into effect:
  - (a) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, China, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, Canada, the European Union (or any member thereof), Japan or Singapore (each a “Relevant Jurisdiction”); or
  - (b) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

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- (c) any event or series of events beyond the control of the Hong Kong Underwriters, including but not limited to in the nature of *force majeure* such as acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including but not limited to SARS and Influenza A (H5N1)), in or affecting any of the Relevant Jurisdictions; or
- (d) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (e) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NYSE Amex Equities, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange or any other major international stock exchange; or (B) a general moratorium or commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions or any jurisdiction where the stock exchange referred to in paragraph (A) above is located; or
- (f) any change or development or event involving a prospective change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or
- (g) any imposition of economic or other sanctions, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions; or
- (h) any change or development or event involving a prospective change in our assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or
- (i) the commencement by any judicial or regulatory body or organization of any public action against a Director or an announcement by any judicial or regulatory body or organization that it intends to take any such action; or
- (j) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of a supplementary prospectus or offering document pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the opinion of the Sole Global Coordinator adverse to the marketing for or implementation of the Global Offering; or
- (k) a petition is presented for the winding up or liquidation of any of the companies in our Group, or any of the companies in our Group make any compromise or arrangement with our Company's or its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of any of the companies in our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any of the companies in our Group or anything analogous thereto occurs in respect of any of the companies in our Group; or

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- (l) a valid demand by any creditor for repayment or payment of any of the companies in our Group's indebtedness or in respect of which our Group are liable prior to its stated maturity, or any loss or damage sustained by any of the companies in our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (m) any litigation or claim being threatened or instigated against any of the companies in our Group or the Controlling Shareholders, or
- (n) any contravention by any of the companies in our Group of the Companies Ordinance or the Listing Rules; or
- (o) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares (including the additional Shares that may be allotted and issued by our Company upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (p) non-compliance of the Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or
- (q) the materialization of any of the risks set out in the section headed "Risk Factors" to the Prospectus; or
- (r) any of our Director being charged with an indictable offense or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or
- (s) the chairman or any of the chief executives of our Company vacating his or her office,

and which, in any of the above cases and in the sole opinion of Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (a) is or may or will be or is likely to be materially adverse to, or prejudicially affect, the business or financial or trading position or prospects of our Company or its subsidiaries as a whole; or
- (b) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any part of this Agreement, the Hong Kong Public Offer or the Global Offering to be performed or implemented as envisaged; or
- (c) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Hong Kong Public Offer and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus.

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### *Undertakings to the Stock Exchange Pursuant to the Listing Rules*

#### **Undertakings by our Company**

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering or any issue of shares or securities in compliance with Rules 10.08 (1) to (4) of the Listing Rules, our Company will not, at any time within six months from the Listing Date, issue any shares or other securities convertible into equity securities of our Company or enter into any agreement or arrangement to issue such shares or securities (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering (including the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme) or for the circumstances prescribed by Rule 10.08 of the Listing Rules.

#### **Undertakings by the Controlling Shareholders**

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to, among others, our Company and the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), that he or 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 of six months commencing on the Listing Date (the “**First Six-month Period**”), dispose of, or 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 he or it is shown by this Prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the “**Parent Shares**”); or
- (ii) during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

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

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

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We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

### *Undertakings Pursuant to the Hong Kong Underwriting Agreement*

#### **Undertakings by our Company**

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager and the Hong Kong Underwriters (and is expected to undertake to the International Underwriters), and the Controlling Shareholders have agreed to procure (and are expected to agree with the International Underwriters to procure) that, except pursuant to the Capitalization Issue, the Global Offering (including pursuant to the exercise of the Over-allotment Option, and the options which may be granted under the Share Option Scheme), at any time after the date of the Hong Kong Underwriting Agreement and until the expiry of First Six-month Period, our Company will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (i) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell 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, any such share capital or other securities of our Company or any interest therein (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive any such capital or securities or any interest therein) or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
- (ii) 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 such share capital or securities or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i) or (ii) above,

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

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### Undertakings by our Controlling Shareholders and other existing Shareholders

Each of the Underwriting Shareholder Warrantors, including our Controlling Shareholders, has undertaken to each of our Company, the Sole Global Coordinator, the Hong Kong Underwriters (and is expected to undertake to the International Underwriters), that, except pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, during the First Six-month Period, it will not, and will procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not:

- (i) offer, pledge, charge (other than any pledge or charge of our Company's issued share capital after the Global Offering in favor of an authorized institution as defined in the Banking Ordinance (Cap.155 of the Laws of Hong Kong) for a *bona fide* commercial loan), 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, any Shares in respect of which he or it is shown in this Prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "Relevant Securities") or any interest therein (including, but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein) or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
- (ii) 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 the Relevant Securities or any interest therein or any of the rights attaching to any of the Relevant Securities, including but not limited to rights as to voting, dividend or distribution; or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above, whether any such transaction is to be settled by delivery of the Relevant Securities, in cash or otherwise.

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Global Coordinator, the Hong Kong Underwriters (and is expected to undertake to the International Underwriters), that, except pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (i) in the period of six months immediately after the expiry of the First Six-month Period ("Second Six-month Period"), it will not enter into any of the transactions in (i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal, our Controlling Shareholders will cease to be Controlling Shareholders of our Company; and
- (ii) until the expiry of the Second Six-month Period, in the event that it enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

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Each of our Controlling Shareholders has further undertaken to each of our Company, the Sole Global Coordinator, and the Hong Kong Underwriters that until the expiry of the Second Six-month Period, it will:

- (i) when it pledges or charges any securities or interests or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution in the securities of our Company, immediately inform our Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of securities and nature of interest so pledged or charged; and
- (ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in or rights attaching to the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

### **The International Placing**

In connection with the International Placing, it is expected that we will enter into the International Underwriting Agreement with the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out in the International Underwriting Agreement, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

Our Company will grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 1 December 2010, being the 30th day from 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 29,925,000 additional Shares, together representing 15% of the Initial Offer Shares, at the Offer Price, among other things, to cover over-allocations in the International Placing, if any.

### **Commission and expenses**

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive an underwriting commission on the aggregate Offer Price payable for the Offer Shares offered under the Global Offering, out of which they will pay any sub-underwriting commission. Such underwriting commission will be determined based on our forecast of the consolidated profit attributable to equity holders of our Company for the year ending 31 December 2010 as follows:

- (i) if the final Offer Price is 15 to less than 18 multiples of the price/earning ratio, underwriting commission will be payable the rate of 3.5%; or
- (ii) if the final Offer Price is 18 to less than 20 multiples of the price/earning ratio, underwriting commission will be payable the rate of 4.0%; or
- (iii) if the final Offer Price is 20 multiples or above of the price/earning ratio, underwriting commission will be payable the rate of 4.5%.



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Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$1.785 per Share (being the mid-point of the indicative Offer Price range of HK\$1.52 to HK\$2.05 per Share), the aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering to be borne by our Company is estimated to amount to an aggregate of approximately HK\$39.4 million.

### **Indemnity**

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

### **Hong Kong Underwriters' interests in our Company**

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this Prospectus, and, if applicable, under the Stock Borrowing Agreement, none of the Underwriters is interested legally or beneficially in any shares of any of our members or 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 of our members in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

### **Sole Sponsor's independence**

CCBI International Capital Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

### **RESTRICTIONS ON THE OFFER SHARES**

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an invitation or offer to acquire, purchase or subscribe for the Shares in any jurisdiction or in any circumstances in which such an invitation or offer to acquire, purchase or subscribe for the Shares is not authorized or to any person to whom it is unlawful to make such an invitation or offer to acquire, purchase or subscribe for the Shares.