
UNDERWRITING

PLACING AND PUBLIC OFFER UNDERWRITERS

Sole Bookrunner and Lead Manager

Kingston Securities Limited

Co-Managers

Christfund Securities Limited
CIMB Securities (HK) Limited
Get Nice Securities Limited
Luen Fat Securities Company Limited

Placing Underwriters

Kingston Securities Limited
Christfund Securities Limited
CIMB Securities (HK) Limited
Get Nice Securities Limited
Luen Fat Securities Company Limited

Public Offer Underwriter

Kingston Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the Public Offer Shares for subscription, subject to the terms and conditions of this prospectus and the Application Forms relating thereto and the Company is offering the Placing Shares for subscription subject to the terms and conditions of the Placing, in each case, at the Offer Price.

Subject to, among other matters, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein on or before 28 January 2011 (or such later date as the Lead Manager (for itself and on behalf of the other Underwriters) may agree in writing with the Company) and the Offer Price having been determined by the Company and the Lead Manager on or before the Price Determination Date, the Placing Underwriters have severally agreed to subscribe for or procure subscribers to subscribe for the Placing Shares, subject to the terms and conditions of the Placing, and the Public Offer Underwriter has agreed to subscribe for or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the Application Forms relating thereto, the Public Offer Shares now being offered for subscription under the Public Offer and which are not taken up under the Public Offer.

UNDERWRITING

Grounds for termination

If, at any time prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any adverse change or prospective adverse change in the business or in the financial or trading position of any member of the Group or the Group taken as a whole; or
 - (b) any change in, or any event or series of events resulting or likely to result in any adverse change or development or local, national or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory, equity or other financial market or other conditions, circumstances or matters (including without limitation any moratorium on, suspension or restriction or commercial banking activities or trading in securities on the Stock Exchange) shall have occurred, happened or come into effect; or
 - (c) any new law or regulation or any change (whether or not forming part of a series of changes) in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of the Cayman Islands, Hong Kong, the PRC, the BVI or any relevant jurisdiction shall have been introduced or effected; or
 - (d) a general moratorium on commercial banking activities, and/or a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) in the Cayman Islands, Hong Kong, the PRC, the BVI or elsewhere; or
 - (e) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities contained in the Underwriting Agreement; or
 - (f) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation or the Cayman Islands, Hong Kong, the PRC, the BVI or any other jurisdiction relevant to the Group or any member of the Group; or
 - (g) any event, or series of events, beyond the control of the Underwriters (including without limitation, any act of God, acts of government, acts of war, riot, public disorder, civil commotion, fire, flooding, explosion, terrorism, strikes, lockouts, outbreak of diseases or epidemics including Severe Acute Respiratory Syndrome, streptococcus infection (pig borne disease) and H5N1 and such related/mutated forms or interruption or delay in transportation), shall have occurred, happened or come into effect; or

UNDERWRITING

- (h) any change in the system which the value of the Hong Kong currency is linked to that of the currency of the United States; or
- (i) any change in the conditions or sentiments of the Hong Kong equity securities or other financial markets; or
- (j) any imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (k) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity which demand has or could be expected to have an adverse effect on the Group taken as a whole; or
- (l) any litigation against or loss or damages sustained by the Company and/or any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which has or could be expected to have an adverse effect on the Group taken as a whole; or
- (m) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group,

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

- (1) is or will be, or is likely to be materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Group taken as whole, or to any present or prospective Shareholder in his/her/its capacity as such; or
- (2) has or will have, or is likely to have, a material adverse impact on the success of the Public Offer, the Placing or the level of the Offer Shares being applied for or accepted or purchased or the distribution of the Offer Shares or dealings in the Shares in the secondary market; or
- (3) makes it impracticable, inadvisable or inexpedient to proceed with the Public Offer, the Placing or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

UNDERWRITING

- (ii) there comes to the notice of the Lead Manager or any of the Underwriters
 - (a) any of the warranties given by the warrantors under the Underwriting Agreement is untrue, inaccurate or misleading in any respect when given or repeated and which is considered by the Lead Manager (for itself and on behalf of the other Underwriters) in its sole and absolute opinion to be materially adverse in the context of the Public Offer and the Placing, or that any of the warrantors is in breach of any provision of this prospectus and the related Application Forms;
 - (b) any statement contained in this prospectus is discovered to be untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would if this prospectus was to be issued at that time, constitute an omission therefrom and is considered by the Lead Manager (for itself and on behalf of the other Underwriters) in its sole and absolute opinion to be material in the context of the Public Offer and the Placing;
 - (c) there has been a breach on the part of any of the warrantors of any of the provisions of the Underwriting Agreement, and such breach is considered by the Lead Manager (for itself and on behalf of the other Underwriters) in its sole and absolute opinion to be materially adverse in the context of the Public Offer and the Placing;
 - (d) any adverse change in the business or in the financial or trading position of any member of the Group which is in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the other Underwriters) to be relevant; or
 - (e) any event, act or omission occurs and/or is discovered which gives or is likely to give rise to any liability of the Company or any other member(s) of the Group, the Directors and/or any substantial Shareholder,

then the Lead Manager may (for itself and on behalf of the other Underwriters) give written notice to the Company (with a copy of such notice to each of the Underwriters) to terminate the Underwriting Agreement with immediate effect.

Undertakings

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances as prescribed under Rule 10.08 of the Listing Rules.

UNDERWRITING

In accordance with Rule 10.07(1)(a) of the Listing Rules, each of our Controlling Shareholders, namely Mr. Lin and Mr. Lin Genghua, has undertaken to the Stock Exchange that except pursuant to the Share Offer, the Capitalization Issue and the Stock Borrowing Agreement:

- (i) he will not, at any time 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, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares in respect of which he is shown by this prospectus to be the beneficial owner; and
- (ii) he will not, at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, 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 paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he would cease to be a controlling shareholder of our Company.

Note (2) of Rule 10.07 of the Listing Rules provides that Rule 10.07 does not prevent a controlling shareholder from using the Shares owned by him as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Each of our Controlling Shareholders has further undertaken to the Stock Exchange, the Company, the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters that he will, within the period commencing on the date by reference to which disclosure of his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date:

- (i) when he pledges or charges any Shares or other securities or interests in any securities of our Company beneficially owned by him in favour of any authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and
- (ii) when he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in any securities of our Company will be disposed of, immediately inform us of such indications.

Our Company agrees and undertakes to the Stock Exchange, the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters that upon receiving such information in writing from any of our Controlling Shareholders, we shall, as soon as practicable, notify

UNDERWRITING

the Stock Exchange, the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters and make appropriate disclosures in relation to such information by way of an announcement.

Each of Mr. Lin and Mr. Lin Genghua has jointly and severally undertaken to and covenanted with the Company, the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters that:

- (i) he will not, and will procure that none of his associates (as defined in the Listing Rules) or companies controlled by him will, during the period commencing from the date of this prospectus and ending on the date falling the expiry of the six-month period from the Listing Date, dispose of, or enter into any agreement to dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of but save pursuant to a pledge or charge as security for a bona fide commercial loan) any of the Shares or any interests therein owned by him or in which he is, directly or indirectly, interested immediately after the completion of the Share Offer and the Capitalisation Issue (or any other shares or securities of or interest in the Company arising or deriving therefrom) or dispose of, or enter into any agreement to dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of but save pursuant to a pledge or charge as security for a bona fide commercial loan) any shares in any company controlled by him which is the beneficial owner of any of such Shares provided that the foregoing restriction shall not apply to any Shares which he or any of his associates (as defined in the Listing Rules) may acquire following the Listing Date;

- (ii) within a further six months commencing on the date of expiry of the six-month period referred to in paragraph (i) above, he will not, and will procure that none of his associates (as defined in the Listing Rules) or the companies controlled by him will, dispose of, or enter into any agreement to dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of but save pursuant to a pledge or charge as security for a bona fide commercial loan) any Shares or any interests therein referred to in paragraph (i) above or dispose of, or enter into any agreement to dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of but save pursuant to a pledge or charge as security for a bona fide commercial loan) any shares in any company controlled by him which is the beneficial owner of such Shares if, immediately following such disposal, any of them, either individually or taken together with the others, would cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or cease to hold a controlling interest (that is to say, an interest of at least 30% or such lower percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers (the “Takeover Code”) as being the level for triggering a mandatory general offer) in any of the companies controlled by him which owns any such Shares;

UNDERWRITING

- (iii) in the event of any disposal of Shares or any such interests referred to in paragraph (ii) above after expiry of the six-month period referred to in paragraph (i) above, all reasonable steps will be taken to ensure that such disposal will not create a false or disorderly market in the Shares; and
- (iv) he will, and will procure that his associates (as defined in the Listing Rules) or companies controlled by him will, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him or by the registered holder controlled by him of any Shares.

The Company undertakes to and covenants with the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters that, and each of the executive Directors undertakes and covenants with the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters to procure that, without the prior written consent the Lead Manager (for itself and on behalf of the other Underwriters) (such consent not to be unreasonably withheld or delayed), the Company will not, save pursuant to the Share Offer, the Capitalisation Issue, the grant of any option under the Share Option Scheme or the exercise of any option to be granted under the Share Option Scheme or any scrip dividend schemes or similar schemes under which profits are capitalized and providing for the allotment and issue of Shares in lieu of the whole or part of a dividend in accordance with the articles of association of the Company and unless in compliance with the requirements of the Listing Rules, (a) at any time after the Latest Practicable Date up to and including the date falling six months after the Listing Date, issue or agree to issue any shares or securities in the Company or any of its major subsidiaries (as defined in Rule 13.25(2) of the Listing Rules) if such shares or securities of such major subsidiary are not issued to other member of the Group or grant or agree to grant 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 (as defined aforesaid) if such options, warrants or rights are not granted by such major subsidiary to other member of the Group; and (b) within a further six months following the six-month period referred to in (a) above, issue or agree to issue any shares or securities in the Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into or exchange for, any shares or securities in the Company so as to result in Mr. Lin, either taken individually or taken together, would cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or cease to hold a controlling interest (that is to say, an interest of at least 30% or such lower percentage as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) in any of the companies controlled by him or her or it which owns any Shares.

Each of the Company and the executive Directors undertakes to and covenants with the Sponsor, the Lead Manager, the Sole Bookrunner and the Underwriters that save with prior written consent of the Lead Manager (for itself and on behalf of the other Underwriters) (such consent not to be unreasonably withheld or delayed), no company in the Group will within the period of six months from the Listing Date purchase any securities of the Company.

UNDERWRITING

Commission

The Public Offer Underwriter will receive a commission of 2.5% of the aggregate Offer Price of all the Public Offer Shares and the Placing Underwriters will receive an underwriting commission of 2.5% of the aggregate of the Offer Price of all the Placing Shares, out of which they will pay any sub-underwriting commissions. The Sponsor will receive financial advisory and documentation fees. The underwriting commission, financial advisory and documentation fee, Stock Exchange listing fees and trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$22 million (equivalent to approximately RMB19.36 million) in total (based on an Offer Price of HK\$0.70 per Share, being the mid-point of the indicative Offer Price range of between HK\$0.60 and HK\$0.80 per Share), and will be payable by the Company.

Underwriters' interests in the Company

Save as disclosed under the paragraph headed "Sponsor's interests in the Company" below and as contemplated under the Underwriting Agreement, as at the Latest Practicable Date, none of the Underwriters was interested, directly or indirectly, in any shares or securities in any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of the Group.

Sponsor's interests in the Company

Save as pursuant to the Underwriting Agreement, the Compliance Advisor Agreement and as disclosed herein, neither the Sponsor nor any of their associates is interested, directly or indirectly, in any shares or securities in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of the Group.

No director or employee of any of the Sponsor who is involved in providing advice to the Company has or may, as a result of the Share Offer, have any interest in any class of securities of the Company or any other member of the Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for by any such director or employee of the Sponsor pursuant to the Public Offer).

None of the Sponsor or any of their associates has accrued any material benefit as a result of the successful outcome of the Share Offer, including by way of example, the repayment of material outstanding indebtedness or success fees, other than the following:

- (i) by way of underwriting commission to be paid to the Lead Manager for acting as the Public Offer Underwriter and one of the Placing Underwriters pursuant to the Underwriting Agreement;
- (ii) the financial advisory and documentation fees to be paid to the Sponsor; and

UNDERWRITING

- (iii) certain associates of the Sponsor, whose ordinary business involves the trading of and dealing in securities, may be involved in the trading of and dealing in the securities in the Company.

No director or employee of the Sponsor has a directorship in the Company or any other member of the Group.

COMPLIANCE ADVISOR AGREEMENT

The Compliance Advisor Agreement dated 29 December 2010 was entered into between Kingston Corporate Finance Limited (“Kingston”) and the Company, pursuant to which the Company has appointed Kingston and Kingston has agreed to act as the compliance advisor of the Company with effect from the Listing Date until the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date or until the Compliance Advisor Agreement is otherwise terminated pursuant to its terms and conditions. The Company shall pay an agreed fee to Kingston for its provision of services. Details of the terms of the Compliance Advisor Agreement are set out under the paragraph headed “Compliance Advisor” under the section headed “Directors, Senior Management and Staff” of this prospectus.