
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

Morgan Stanley
CCBI

Co-lead manager

ABCI Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

(a) Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 20,000,000 Hong Kong Offer Shares (subject to adjustment) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the Over-allotment Option; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by oral or written notice from the Sole Global Coordinator (for itself) and on behalf of the Hong Kong Underwriters) with immediate effect if any of the following events occur prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”):

- (1) there shall develop, occur, exist or come into effect:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, labor disputes and strikes, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious diseases or epidemics including, but not limited to, SARS and H5N1 and such related/mutated forms, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism or other state of emergency in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the Cayman Islands; 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 the

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local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or 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 the Renminbi is linked to any foreign currency or currencies) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the Cayman Islands; or

- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), Japan, the Cayman Islands or any other jurisdiction relevant to any member of the Group, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or
- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the Cayman Islands; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC or any other jurisdiction relevant to any member of the Group; or
- (vii) a change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the Cayman Islands; or
- (viii) any event or series of events in the nature of force majeure, including, without limitation, acts of government, labor disputes and strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics including, but not limited to, SARS and H5N1 and such related/ mutated forms or accident or interruption or delay in transportation, economic sanction and 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; or

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- (ix) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (x) any change, prospective change or development involving a materialization of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (xi) an order or petition for the winding up or liquidation of any member of the Group with substantive business operations or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
- (xii) a valid demand by any creditor for repayment of the Company’s indebtedness or those of any of its subsidiaries or the Company or any of its subsidiaries becomes liable to pay an indebtedness prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator:

- (a) has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or
 - (b) has or will have or may have a material adverse effect on the success of the Global Offering; or
 - (c) makes or will make or may make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented or proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or
 - (d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Sole Global Coordinator:
- (i) that any statement contained in this prospectus, the Formal notice, the Application Forms and/or in any notices, advertisements, communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate in any material respect or misleading, or that any estimate, forecast, expression of opinion, intention or expectation contained in this prospectus, the Formal notice, the Application Forms and/or any notices, announcements, advertisements,

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communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; 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 a material omission from this prospectus, the Formal notice, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or
- (v) any adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise (including any litigation or claim of any third party being threatened or instigated against the Company or any member of the Group), or performance of any member of the Group; or
- (vi) any breach of, or any matter or event rendering untrue, incorrect, inaccurate in any respect or misleading, any of the warranties specified in the Hong Kong Underwriting Agreement; or
- (vii) that the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) the withdrawal by the Company of this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (ix) that a Director has been charged with an indictable offence or prohibited by operation of law or otherwise is disqualified from taking part in the management of a company; or
- (x) that the chairman or chief executive officer of the Company has vacated his office; or
- (xi) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action against any Director, or any member of the Group which has or may have a material impact on the Group as a whole; or

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- (xii) a prohibition on the Company for whatever reason from offering, allotting, issuing the Shares (including any of the Shares to be sold upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (xiv) that the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the opinion of the Sole Sponsor and/or the Sole Global Coordinator materially adverse to the marketing for or the implementation of the Global Offering; or
- (xv) that, as a result of market conditions or otherwise, a material portion of the orders in the bookbuilding process at the time the International Underwriting Agreement is entered into, have been withdrawn or cancelled, and the Sole Global Coordinator, in its sole discretion, concludes that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering.

(b) International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with our Controlling Shareholders, the International Underwriters and the Sole Global Coordinator. Under the International Underwriting Agreement, the International Underwriters to be named therein, subject to certain conditions, will agree severally to underwrite or purchase, or procure underwriters or purchasers for, the International Offer Shares being offered pursuant to the International Offering.

We are expected to grant the Over-allotment Option to the Sole Global Coordinator, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 30,000,000 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the same price per Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any.

(c) Undertakings in respect of the Global Offering

Undertakings by our Company

(1) To the Stock Exchange

Pursuant to Rule 10.08 of the Listing Rules, 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.

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(2) Pursuant to the Hong Kong Underwriting Agreement

We have undertaken to each of the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Sole Sponsor that we will not, and to procure each other member of our Group to not, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), pursuant to the grant or exercise of the options granted under the Share Option Scheme, pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (on behalf of the International Underwriters), and unless in compliance with the Listing Rules:

- (a) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the date on which dealings in the Shares first commence on the Stock Exchange (the “First Six-Month Period”):
 - (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities (including any debt securities convertible into or exchangeable or exercisable into equity securities) of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities (including debt or securities convertible to equity securities)); 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 Shares or any other securities (including any debt securities convertible to equity securities) of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities); or
 - (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
 - (iv) offer to or agree to, or announce any intention to enter into, any transaction described in paragraphs (i), (ii) or (iii) above; or
 - (v) effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% on or before the date falling six months after the Listing Date,

in each case, whether any of the transactions described in paragraphs (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities (including any debt securities convertible into or exchangeable or exercisable into equity securities) of the Company or shares, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period); and

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- (b) enter into any of the foregoing transactions in paragraphs (a)(i), (ii) and (iii) above, or offer to or agree to or announce any intention to effect any such transaction and we shall take all reasonable steps to ensure that it will not create a disorderly or false market in securities of the Company during the six-month period immediately following the First Six-Month Period (the “Second Six-Month Period”).

Undertakings by our Controlling Shareholders

(1) To the Stock Exchange

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option and the Stock Borrowing Agreement:

- (i) it/she will not, at any time during the First Six-Month Period, 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 it/she is shown by this prospectus to be the beneficial owner; and
- (ii) it/she will not, at any time during the Second Six-Month Period, 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 referred to in paragraph (1)(i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/she would cease to be a Controlling Shareholder.

Note (2) of Rule 10.07 of the Listing Rules provides that Rule 10.07 of the Listing Rules does not prevent a controlling shareholder from using the Shares owned by it/her as security (including a charge or a pledge) 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.

Pursuant to Note 3 to Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have further undertaken to the Stock Exchange that it/she will, within the period commencing on the date by reference to which disclosure of its/her shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date:

- (i) when it/she pledges or charges any Shares or other securities or interests in any securities of our Company beneficially owned by it/her in favor 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 it/she 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.

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Our Company agrees and undertakes to the Stock Exchange that upon receiving such information in writing from our Controlling Shareholders, we shall, as soon as practicable, notify the Stock Exchange and make appropriate disclosures in relation to such information by way of an announcement.

(2) Pursuant to the Hong Kong Underwriting Agreement

Our Controlling Shareholders have agreed with and undertaken to each of us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) they will not during the First Six-Month Period:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities (including debt securities)), 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 Shares or any other securities of the Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities (including debt securities)), or
 - (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) and (ii) above, or
 - (iv) offer to or agree to or publicly announce any intention to effect any transaction specified in paragraph (i), (ii) and (iii) above,

in each case whether any of the transactions described in (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities of the Company or shares or other securities of such other member of the Group as applicable, or in cash or otherwise (whether or not such transaction will be completed within the First Six-Month Period); and

- (b) during the Second Six-Month Period, it will not, enter into any of the transactions specified in paragraph (i), (ii) and (iii) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, any Controlling Shareholders will cease to be a controlling shareholder of the Company; and
- (c) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in paragraph (i), (ii) and (iii) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

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Our Controlling Shareholders hereby further undertake to each of us, the Sole Global Coordinator, the Joint Bookrunners, each of the Hong Kong Underwriters and the Sole Sponsor that, within the period commencing on the date of this prospectus and ending on the date which is 12 months after the Listing Date, that they will immediately inform the Company, the Joint Bookrunners and the Sole Sponsor of:

- (a) any pledges or charges of any Shares or other securities of the Company beneficially owned by it, together with the number of Shares or other securities of the Company so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (b) any indication received by it, either verbal or written, from the pledgee or chargee of any Shares or other securities of the Company pledged or charged that such Shares or other securities of the Company so pledged or charged will be disposed of.

Our Company agrees and undertakes to the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor and each of the Hong Kong Underwriters that upon receiving such information in writing from our Controlling Shareholders we shall, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information in accordance with the Listing Rules.

(d) Underwriting Commission and Listing Expenses

The Underwriters will receive a commission equal to the higher of US\$4.6 million or 3.5% of the aggregate Offer Price of all the Offer Shares. Based on the maximum Offer Price of HK\$3.25, it is expected that the Underwriters will be entitled to a commission of US\$4.6 million. The Underwriters may also receive, at our discretion, an additional commission of up to US\$400,000. We will also pay certain expenses in connection with the Global Offering, including listing fees of the Stock Exchange, fees and expenses of counsels, printing, roadshow and other expenses relating to the Global Offering, estimated to aggregate to approximately HK\$51.3 million.

(e) Underwriters' Interests in our Company

Save for its obligations under the relevant Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Underwriters owns any Shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

(f) Activities by Syndicate Members

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (1) under the agreement among the Syndicate Members, all of them (except for Morgan Stanley as the stabilizing manager in connection with the Global Offering (the **Stabilizing Manager**)) or

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any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- (2) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation. The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares in baskets of securities or indices including the Shares in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing. In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the shares in most cases.

All of this activity may occur both during and after the end of the stabilization period described under the paragraph headed “Stabilizing action” in the section headed “Structure and Conditions of the Global Offering” of this prospectus. This activity may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the Share price, and the extent to which this occurs from day to day cannot be estimated.