
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

Merrill Lynch Far East Limited
BOCI Asia Limited

Co-Lead Managers

China Merchants Securities (HK) Co., Limited
DBS Asia Capital Limited
Mizuho Securities Asia Limited

Co-Managers

China Everbright Securities (HK) Limited
Great Roc Capital Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Kingston Securities Limited
President Securities (Hong Kong) Limited

HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Public Offering, the Company is initially offering 40,000,000 Hong Kong Offer Shares for subscription under the Hong Kong Public Offering on the terms and subject to the conditions set out in this Prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, among others, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be sold pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Capitalization Issue and the Shares which may be issued on the exercise of any options granted under the Pre-IPO Share Option Scheme and which may be granted under the Share Option Scheme and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and subject to the conditions set out in this Prospectus, the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Placing Agreement having been signed, becoming unconditional and not having been terminated.

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Grounds for Termination

The Joint Bookrunners (on behalf of themselves and the other Hong Kong Underwriters) may in their absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by written notice to the Company at any time at or prior to 8:00 a.m. on the Listing Date if:

- (A) there shall develop, occur, exist or come into effect:
- (1) any change or prospective change (whether or not permanent) in the business or in the earnings, operations, financial or trading position or prospects of the Group or any change in capital stock or long-term debt of the Company or any other member of the Group, which (in any such case) is not set forth or contemplated in this Prospectus; or
 - (2) any change or development involving a prospective change or development, or any event or series of events resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, the PRC, the Cayman Islands, the United States, any member of the European Union, Singapore, Japan or any other jurisdictions where any member of the Group is incorporated (collectively, the “Relevant Jurisdictions”); or
 - (3) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
 - (4) any new law or any change (whether or not forming part of a series of changes) or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
 - (5) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
 - (6) 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 crisis involving or affecting any of the Relevant Jurisdictions; or
 - (7) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the Warrantors pursuant to the indemnity contained in the Hong Kong Underwriting Agreement; or

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- (8) the imposition or declaration of (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or any other major international stock exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (9) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (10) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, earthquake, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (11) any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section headed “Risk factors” of this Prospectus; or
- (12) any change in the system under which the value of the HK dollar or Renminbi (the lawful currency of the PRC) is linked to that of the US dollar or a material devaluation of Hong Kong dollars or the Renminbi against any foreign currency; or
- (13) any demand by any creditor for repayment or payment of any material indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (14) save as disclosed in this Prospectus, a material contravention by any member of the Group of the Listing Rules or applicable laws; or
- (15) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including Shares under the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (16) non-compliance of any of this Prospectus, the Application Forms and the preliminary and final offering memoranda in connection with the International Placing (collectively, the “Offering Memoranda”) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
- (17) the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription 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; or
- (18) an order is made or 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 entering into a scheme of arrangement or any resolution

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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 in respect of any member of the Group; or

- (19) any material litigation or claim of any third party being threatened or instigated against any member of the Group; or
- (20) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from taking part in the management of a company; or
- (21) the chairman or chief executive officer of the Company vacating his or her office; or
- (22) the commencement by any governmental, regulatory, political or judicial body or organization of any action against a Director or an announcement by any governmental, regulatory or judicial body or organization that it intends to take any such action,

which in the sole and absolute opinion of the Joint Bookrunners:

- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of any member of the Group and/or the Group taken as a whole and/or to any present or prospective shareholder in its capacity as such; or
 - (b) has or will or may have a material adverse effect on the success of the Hong Kong Public Offering, the International Placing and/or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Hong Kong Underwriting Agreement, the International Placing Agreement, the Hong Kong Public Offering, the International Placing and/or the Global Offering to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Hong Kong Public Offering, the International Placing and/or the Global Offering on the terms and in the manner contemplated in the Offering Memoranda; or
- (B) any of the Hong Kong Underwriters shall become aware of the fact that, or have reasonable cause to believe that:
- (1) any of the warranties given by the Warrantors pursuant to the Hong Kong Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated, or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or
 - (2) any statement contained in the Offering Memoranda or the web-proof information pack required to be uploaded to the website of the Stock Exchange (the “WPIP”) was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if the Offering Memoranda or the WPIP were to be issued at

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that time, constitute a material omission therefrom, or that any forecasts, expressions of opinion, intention or expectation expressed in the Offering Memoranda and/or any announcements issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) are not fair and honest and based on reasonable assumptions, when taken as a whole; or

- (3) there has been a breach on the part of any of the Warrantors of any of the provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement.

Undertakings

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Capitalization Issue and the Global Offering (including the Over-allotment Option and any options granted under the Pre-IPO Share Option Scheme and which may be granted under the Share Option Scheme) or any issue of Shares or securities in compliance with Rule 10.08(1) to (4) of the Listing Rules, no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the date on which the Shares first commence dealing on the Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing).

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to the Joint Bookrunners and the other Hong Kong Underwriters that the Company will not, and each of the Covenantors has undertaken to the Joint Bookrunners and the other Hong Kong Underwriters to procure that the Company will

- (i) not, during the period commencing on the Latest Practicable Date up to and including the date falling six months after the Listing Date (the “Lock-up Period”), except pursuant to the Global Offering (including the Over-allotment Option and the Capitalization Issue), the exercise of any options granted under the Pre-IPO Share Option Scheme and the exercise of options which may be granted under the Share Option Scheme, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters), subject to prior notification of the Joint Bookrunners and subject always to the provisions of the Listing Rules:
 - (a) offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares; or
 - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise; or
 - (c) offer or agree to do any of the foregoing transactions and announce any intention to effect any such transaction,

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whether or not such issue of Shares or securities will be completed within the Lock-up Period.

- (ii) not at any time within the six months period immediately following the expiry of the Lock-up Period (the “Second Six Months Period”) do any of the acts set out in (i) above such that the Controlling Shareholders in aggregate, directly or indirectly, would cease to be a Controlling Shareholder of the Company; and
- (iii) in the event that the Company does any of the acts set out in (i) and (ii) after the expiry of the Lock-up Period or the Second Six Months Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of the Company or any interest therein.

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Company and the Stock Exchange that it shall not and shall procure that the relevant registered shareholder(s) shall not:

- (a) in the period commencing on the date of this Prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Company in respect of which he is or they are shown by this Prospectus to be the beneficial owner(s); or
- (b) in the period of six months commencing on the date on which the period referred to in the immediately preceding paragraph (a) 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 the securities referred to immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder.

Note (2) to Rule 10.07 of the Listing Rules provides that the rule does not prevent a Controlling Shareholder from using the Shares beneficially owned by it 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.

Each of Controlling Shareholders has further undertaken to the Company and the Stock Exchange that it will, within a period of 12 months from the Listing Date, immediately inform us and the Stock Exchange of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by him or it in favor of any authorized institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by he or it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold transferred or disposed of.

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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 the Controlling Shareholders (or its respective shareholders) and disclose such matters by way of a press notice which is published in the newspapers as soon as possible after being so informed by any of the Controlling Shareholders (or its respective shareholders).

Pursuant to the Hong Kong Underwriting Agreement, each of the Warrantors (other than the Company) has undertaken to each of the Hong Kong Underwriters and the Company that, except pursuant to the Stock Borrowing Agreement, it will not, without the prior written consent of the Sole Global Coordinator, on behalf of the Hong Kong Underwriters, subject to prior notification of Joint Bookrunners and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it shall, directly or indirectly, (i) offer, pledge, sell, mortgage, assign, charge, contract to 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 of the share capital or other securities of the Company or any interest therein, beneficially owned by it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein) immediately following the completion of the Global Offering and the Capitalization Issue, (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities or any interest therein, (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above or (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (i) through (iii) above whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the Lock-Up Period; and it will not, and will procure that such associate, companies, nominee or trustee will not, without the prior written consent of Sole Global Coordinator on behalf of the Hong Kong Underwriters, subject to prior notification of the Joint Bookrunners, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, shares in Ho Born Investment and Well Born Industrial or any interest therein at any time during the six months period immediately following the expiry of the Lock-up Period (the “Second Six Months Period”), such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall not result in the Controlling Shareholders in aggregate, directly or indirectly, ceasing to be a Controlling Shareholder at any time during the Second Six Months Period; and it shall take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of the Company or any interest therein.

Each of Mr. Shi Hongliu, Mr. Shi Hongyan and Mr. Wu Changda has undertaken to each of the Hong Kong Underwriters and us that, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters), subject to prior notification of Joint Bookrunners, he shall not, within the Lock-up Period, offer for sale, sell, transfer, contract to sell or otherwise dispose of (including without limitation, by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any charges, pledges or encumbrances over) any of the shares in the capital of Ho Born Investment or Well Born Industrial (as the case may be) or any other securities which are of the same class as, of convertible or exchangeable for or which carry a right to subscribe, purchase or acquire any shares of Ho Born Investment and Well Born Industrial (as the case may be) or enter into any swap,

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derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisitions or ownership of any such shares, in respect of which he is the beneficial owner (directly or indirectly) and/or which are registered in his name.

Each of the Warrantors has agreed to jointly and severally indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Commission

The Hong Kong Underwriters will receive a commission of 2.25% of the aggregate Offer Price of all the Hong Kong Offer Shares less any unsubscribed Hong Kong Offer Shares reallocated to the International Placing and ignoring for this purpose any Hong Kong Offer Shares reallocated from the International Placing due to over-subscription, out of which the Hong Kong Underwriters will pay any sub-underwriting commission. The underwriting commission for such reallocated Shares in each case will be payable to the International Underwriters in accordance with the International Placing Agreement. In addition, the Company may, in its sole discretion, pay the Sole Global Coordinator (on behalf of the Joint Bookrunners) an additional aggregate incentive fee of up to 1.0% of the Offer Price of the total Offer Shares and any additional Shares pursuant to the Over-allotment Option. Further, the Company will pay the Sole Sponsor a sponsor's fee representing 0.5% of the Offer Price of the total Offer Shares and any additional Shares pursuant to the Over-allotment Option.

INTERNATIONAL PLACING

International Placing Agreement

In connection with the International Placing, it is expected that the Company will enter into the International Placing Agreement with, among others, the International Underwriters. Under the International Placing Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally but not jointly, agree to subscribe for or purchase, or to procure subscribers to subscribe for or purchase, their respective applicable proportions (set out in the International Placing Agreement) of the International Placing Shares being offered pursuant to the International Placing.

Under the International Placing Agreement, the Company intends to grant to the International Underwriters the Over-allotment Option exercisable by the Sole Global Coordinator, in consultation with the Joint Bookrunners, on behalf of the International Underwriters for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to 60,000,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued and sold at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of, among other things, covering over-allocations, if any, in the International Placing.

Subject to prevailing market conditions, the International Underwriters may at their absolute discretion offer and sell a material portion of the Offer Shares offered for sale in the Global Offering to certain persons referred by us to the International Underwriters. See "Structure of the Global Offering — The International Placing."

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TOTAL COMMISSIONS AND EXPENSES

Based on an offer price of HK\$1.60 per Share, the aggregate commissions and fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to be approximately HK\$70.0 million (assuming that the Over-allotment Option is not exercised) in total.

SPONSORS' INDEPENDENCE

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

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe to or to nominate persons to subscribe to securities in our Company or any of our subsidiaries.