

UNDERWRITING

UNDERWRITERS

Hong Kong Underwriters:

Guotai Junan Securities (Hong Kong) Limited (*Sole Lead Manager*)
Ample Orient Capital Limited
Ever-Long Securities Company Limited
South China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription on and subject to the terms and conditions of this Prospectus and the Application Forms. Under the International Underwriting Agreement, our Company has agreed to offer the International Placing Shares for subscription or purchase by institutional, professional and private investors which are anticipated to have a sizeable demand on and subject to the terms and conditions of this Prospectus.

Pursuant to the Hong Kong Underwriting Agreement, and conditional upon, inter alia, the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listings of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus subject to such customary conditions that may be imposed by the Stock Exchange and certain other conditions, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers to subscribe for the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offer.

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

Grounds for Termination

The Sole Lead Manager, at its sole and absolute discretion, may, for itself and on behalf of the Hong Kong Underwriters, upon giving notice in writing to our Company and/or the Controlling Shareholders and the executive Directors (the “Warrantors”), terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

- (a) there is any change or prospective change (whether or not permanent) in the business or in the financial or trading position or prospects of our Company or any other member of our Group taken as a whole; or
- (b) any event or series of events resulting or representing or likely to result in any change or development (whether or not permanent) in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong

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currency or Renminbi is linked to that of the currency of the United States), equity or other financial market or other conditions, circumstances or matters shall have occurred, happened or come into effect; or

- (c) any relevant new Law or change (whether or not forming part of a series of changes) in existing Laws or any change in the interpretation or application thereof by any court or Governmental Authority in Hong Kong, the Cayman Islands, the PRC, the United States, the European Union, or in other jurisdiction which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group shall have been introduced or effected (each a “Relevant Jurisdiction”); or
- (d) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, the PRC, the United States, the European Union (or any member thereof); or
- (e) 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 organisation in any Relevant Jurisdiction; or
- (f) any event, or series of events, beyond the control of the Hong Kong Underwriters (including without limitation, any acts of God, acts of government, large scale labour disputes, acts or threats of war, riots, public disorder, civil commotion, fire, flooding, explosion, outbreak of diseases or epidemic (including but not limited to severe acute respiratory syndrome and H5N1, avian flu, influenza A (H1Na) (swine flu) and such related or mutated forms), terrorism, strikes or lockouts) or extensive interruption or delay in transportation, economic sanction and any declaration of a national or international emergency or war shall have occurred, happened or come into effect in any Relevant Jurisdiction; or
- (g) 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 Relevant Jurisdiction; or
- (h) the imposition or declaration of (i) any suspension or material limitation on dealings in shares or securities generally on the Stock Exchange or any other major international stock exchange or (ii) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, PRC, New York, London, or any other jurisdiction; or
- (i) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (j) any litigation or claim of any third party being instigated against any member of our Group; or
- (k) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

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- (l) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our 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 our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (m) approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

which in the sole and absolute opinion of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriters):

- (a) is or will or may individually or in aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Company and its subsidiaries taken as a whole; or
- (b) 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 Underwriting Agreement, the Hong Kong Public Offer, the International Placing and/or the Global Offering to be performed or implemented as envisaged; (ii) to proceed with the Hong Kong Public Offer, the International Placing and/or the Global Offering on the terms and in the manner contemplated in the Prospectus in respect of the International Placing; or (iii) may have a material adverse effect on the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares;

or

any of the Hong Kong Underwriters shall become aware of the fact that, or have cause to believe that:

- (a) any of the warranties or undertakings given by the Warrantors is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Sole Lead Manager in its sole and absolute discretion;
- (b) any statement contained in the Prospectus and the Application Forms and any announcements issued by our Company in respect of the Hong Kong Public Offer, the International Placing and/or the Global Offering was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if the Prospectus and the Application Forms in respect of the Hong Kong Public Offer, the International Placing and/or the Global Offering were to be issued at that time, constitute a material omission therefrom as determined by the Sole Lead Manager in its sole and absolute discretion; or
- (c) there has been a breach in any material respect on the part of any of the Warrantors of any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement as determined by the Sole Lead Manager in its sole and absolute discretion.

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For the purpose of the above, a material 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 any material change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and any material market fluctuations, may be considered as a change of market conditions.

Undertakings pursuant to the Hong Kong Underwriting Agreement

By our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has irrevocably and unconditionally undertaken to the Sole Sponsor, the Sole Lead Manager and the other Hong Kong Underwriters that it will, among other things, that:

- (a) except pursuant to the Global Offering, the Capitalisation Issue, the exercise of the subscription rights attaching to the Over-allotment Option or to the options that may be granted under the Share Option Scheme, not without the prior written consent of the Sole Lead Manager (on behalf of the Hong Kong Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, 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 our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or 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 any interest in any Shares or any voting or other right attaching to any 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 announce any intention to effect any such transaction during the First Six-Month Period;
- (b) not at any time during the First Six-Month Period, issue, or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Global Offering, the Capitalisation Issue or the exercise of the subscription rights attaching to the Over-allotment Option or to the options that may be granted under the Share Option Scheme;
- (c) not at any time within the Second Six-Month Period do any of the acts set out in clauses (a) and (b) above such that any of the Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules);

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- (d) during a period of two years from this Prospectus date, in the event that our Company does any of the acts set out in clauses (a) and (b) above after the expiry of the First Six-Month Period or the Second Six-Month 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 our Company or any interest therein.

Similar undertakings are expected to be given by our Company to the International Underwriters under the International Underwriting Agreement.

By the Controlling Shareholders

Each of the Controlling Shareholders represents, warrants and undertakes to the Sole Sponsor and the Sole Lead Manager (respectively as the sole sponsor and the sole lead manager on behalf of the Hong Kong Underwriters), the other Hong Kong Underwriters and our Company that:

- (a) he or it will comply with all the applicable restrictions and requirements under the Listing Rules on the disposal by him, her or it or by any registered holder on his or its behalf, of any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or other securities of our Company in respect of which he or it is shown in this Prospectus to be the beneficial owner (directly or indirectly);
- (b) neither him or it nor any of their respective associates (as defined in the Listing Rules) or companies controlled by him or it has any present intention of disposing of any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or other securities of our Company in respect of which he or it is shown in this Prospectus to be the beneficial owner (directly or indirectly) (or any beneficial interest therein), save in respect of Popular Trend in connection with any stock lending arrangement entered or to be entered into between Popular Trend and the Sole Lead Manager; and
- (c) he or it will not, without the prior written consent of the Sole Sponsor (on behalf of the Hong Kong Underwriters) directly or indirectly, and will procure that none of his or its associates (as defined in the Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, 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 lending, charges, pledges or encumbrances over, or by entering 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)) any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) in respect of which he or it is shown in this Prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities at any time during the First Six-Month Period, save in connection with any stock lending arrangement entered or to be entered into between Popular Trend and the Sole Lead Manager and subject always to compliance with the provisions of the Listing Rules, in the event of a disposal of any Shares or such securities or any interest therein at any time during the Second Six-Month Period, (1) in respect of the Controlling Shareholders, such disposal shall not result in any of the Controlling Shareholders ceasing to be the controlling shareholder (as defined in the Listing

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Rules) of our Company at any time during the Second Six-Month Period; and (2) he or 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 our Company or any interest therein.

Without prejudice to the provisions above, each of the Controlling Shareholders undertakes to the Sole Sponsor, the Sole Lead Manager (respectively as the sole bookrunner and sole lead manager on behalf of the Hong Kong Underwriters), the other Hong Kong Underwriters and our Company that within the First Six-Month Period and the Second Six-Month Period he or it shall:

- (a) if and when he or it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him or it, immediately inform our Company, the Sole Sponsor and the Sole Lead Manager in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
- (b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company pledged or charged by him, her or it will be disposed of, immediately inform our Company, the Sole Sponsor and the Sole Lead Manager in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of press announcement in accordance with the Listing Rules.

International Placing

In connection with the International Placing, it is expected that our Company will, on or about 15 December 2011, enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree to subscribe for the International Placing Shares being offered pursuant to the International Placing or procure subscribers to subscribe for such International Placing Shares.

Under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by Guotai Junan Securities (Hong Kong) Limited on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement up to (and including) 14 January 2012, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, to require our Company to allot and issue up to an aggregate of 37,500,000 additional Shares, representing in aggregate not more than 15% of the maximum number of Offer Shares initially available under the Global Offering.

Commission and Expenses

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. In addition, the Sole Sponsor will receive a sponsor fee in relation to the Global Offering. Assuming the Over-allotment Option is not exercised at all and based on the Offer Price of HK\$0.665 (being the mid-point of the Offer Price), the underwriting commission, sponsor fee, listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees together with printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$31.3 million in total.

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Hong Kong Underwriters' Interests in our Company

Save for the obligations and the interests under the Underwriting Agreements as disclosed above, none of the Underwriters is interested legally or beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as required under Rule 3A.07 of the Listing Rules.