

<b>UNDERWRITING</b>
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**HONG KONG UNDERWRITERS*****Joint Lead Managers***

Morgan Stanley Asia Limited

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Securities (Hong Kong) Limited

***Co-Managers***

Delta Wealth Securities Limited

The Bank of East Asia, Limited

**UNDERWRITING ARRANGEMENTS AND EXPENSES****Hong Kong Public Offering*****Hong Kong Underwriting Agreement***

We, the Controlling Shareholders, the Hong Kong Underwriters and the Joint Global Coordinators, among others, have entered into the Hong Kong Underwriting Agreement. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators, on behalf of the Underwriters, and us agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

***Grounds for termination***

The respective obligations of the Hong Kong Underwriters to subscribe or procure subscribers for, the Hong Kong Offer Shares are subject to termination. The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice orally or in

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writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (A) there shall develop, occur, exist or come into effect:
- (a) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, 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) in or affecting Hong Kong, the PRC, the Cayman Islands, Peru, Macau, the United States, the United Kingdom, the European Union (or any member thereof) and Japan (each a “**Relevant Jurisdiction**”); or
  - (b) 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 local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any Relevant Jurisdiction; or
  - (c) 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 National Market, the London Stock Exchanges, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
  - (d) 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 (as defined in the Hong Kong Underwriting Agreement)), London, the PRC, Peru, the European Union (or any member thereof), Japan or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or
  - (e) 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 (as defined in the Hong Kong Underwriting Agreement) in or affecting any Relevant Jurisdiction; or
  - (f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
  - (g) a change or development involving a prospective change in Taxation (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency

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- exchange rates or foreign investment regulations (including without limitation a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar, or a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control (except for the PRC), in any Relevant Jurisdiction; or
- (h) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
  - (i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
  - (j) the chairman or chief executive officer of our Company vacating his or her office; or
  - (k) an Authority (as defined in the Hong Kong Underwriting Agreement) or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
  - (l) a contravention by any member of our Group of the Listing Rules or applicable laws; or
  - (m) a prohibition on our Company for whatever reason from allotting and/or selling the Shares (including additional Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
  - (n) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
  - (o) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Hong Kong Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
  - (p) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our 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 our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (1) has or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity,

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profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will or is likely to 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

- (B) there has come to the notice of the Joint Global Coordinators:
- (a) that any statement contained in any of the this prospectus, the Application Forms, the formal notice, any announcements or advertisements issued by our 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 or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms, the formal notice, any announcements or advertisements issued by our 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
  - (b) 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 any of this prospectus, the Application Forms, the formal notice, any notices or advertisements issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
  - (c) 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
  - (d) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of the indemnifying parties under the Hong Kong Underwriting Agreement; or
  - (e) any material adverse change or development involving a prospective adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or
  - (f) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties contained in the Hong Kong Underwriting Agreement, or in the case of any of such warranties not already qualified as to materiality, any breach of, or any event rendering untrue or incorrect in any respect any of such warranties which would, or could reasonably be expected to, result in, individually or in the aggregate, a Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or

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- (g) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

### *Undertakings*

- (A) Our Company has undertaken to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) or pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company shall not, and shall procure each other member of our Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:
  - (a) 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 of our Company or any shares or other securities of such other member of our Group, as applicable, 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 shares of such other member of our Group, as applicable); or
  - (b) 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 our Company or any shares or other securities of such other member of our Group, as applicable, 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 shares of such other member of our Group, as applicable); or
  - (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (A)(a) or (b) above; or
  - (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (A)(a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (A)(a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions

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specified in paragraphs (A)(a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of the Controlling Shareholders and our Company undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors to procure our Company to comply with the above undertakings.

- (B) Each of the Controlling Shareholders has undertaken to each of our Company, the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, or pursuant to the Stock Borrowing Agreement:
- (a) it / he / she will not, at any time 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 our 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, as applicable), 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 our 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 (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);
  - (b) it / he / she will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (B)(a)(i), (ii) or (iii) above or offer to or agree to or 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, it / he / she will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our 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 (B)(a) (i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it /

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he / she will take all reasonable steps to ensure that it / he / she will not create a disorderly or false market in the securities of our Company.

MS Flooring, IFC and Headland HAV3, each a direct Shareholder of our Company, have given to the International Underwriters similar lock-up undertakings as given by our Controlling Shareholders as described in paragraph (B)(a) above, for the period commencing on the Listing Date until the expiry of 180 days after the Listing Date.

- (C) Each of the Controlling Shareholders has further undertaken to our Company, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that it / he / she will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:
- (a) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by it / him / her for a bona fide commercial loan, immediately inform our Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
  - (b) upon any indication received by it / him, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indications.

### **Undertakings by the Controlling Shareholders under the Listing Rules**

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholders have undertaken to us and to the Hong Kong Stock Exchange that except pursuant to the Global Offering (including the Over-allotment Option and the Stock Borrowing Agreement), each of them will not, and shall procure that any other registered holder (if any) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) during the First Six-month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the “Parent Shares”); or
- (b) during the Second Six-month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be our controlling shareholder (as defined in the Listing Rules).

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Further, pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholders have undertaken to us and to the Hong Kong Stock Exchange that, during the First Six-month Period and the Second Six-month Period, each of them will:

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

### **International Offering**

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Global Coordinators, Joint Bookrunners, Controlling Shareholders and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for such International Offer Shares.

We will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters on or before Saturday, June 18, 2011, being the 30th day from the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue to an aggregate of 56,001,000 additional new Shares, representing 15% of the initial Offer Shares, at the Offer Price, among other things, to cover over-allocations in the International Offering, if any.

Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

### **Commission and Expenses**

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$3.58, being the mid-point of our offer price range of HK\$2.95 to HK\$4.20 per Share, the fees and commissions in connection with the Hong Kong Public Offering and the International Offering, together with the Hong Kong Stock Exchange listing fees, the Hong Kong Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK\$101.0 million in aggregate.



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### **Indemnity**

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

### **Joint Sponsors' Independence**

MS Flooring will hold approximately 18.08% of the issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering (but without taking into account the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme).

MS Flooring, being an associate of Morgan Stanley Asia Limited, are regarded as members of the sponsor group of Morgan Stanley Asia Limited as defined in the Listing Rules. Accordingly, Morgan Stanley Asia Limited does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Securities (Hong Kong) Limited satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

### **Underwriters' Interests in our Company**

Save as disclosed above and in the section headed "History and Development — Investment by MS Flooring, IFC and Headland HAV3" in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

### **Over-allotment and Stabilization**

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offering price of the securities. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might

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otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

The Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager or any person acting for it and selling in the open market, which may have an adverse impact on the market price of our Shares.

No stabilizing action can be taken to support the price of our Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Saturday, June 18, 2011, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall.

Any stabilizing action taken by the Stabilizing Manager, its affiliates or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or its affiliates or any person acting for it may over-allocate up to and not more than an aggregate of 56,001,000 additional Shares, which is 15% of the Shares initially available under the Global Offering, and cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangement in compliance with Rule 10.07(3) of the Listing Rules (as detailed in the section headed “Structure of the Global Offering — The Global Offering — Stock Borrowing Agreement” in this prospectus) or a combination of these means.