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## UNDERWRITING

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### **PUBLIC OFFER UNDERWRITERS**

#### **Joint Lead Managers**

Investec Capital Asia Limited

Haitong International Securities Company Limited

#### **Public Offer Underwriters**

Kingston Securities Limited

Guosen Securities (HK) Capital Company Limited

### **UNDERWRITING ARRANGEMENTS AND EXPENSES**

#### **Public Offer**

##### *Public Offer Underwriting Agreement*

Pursuant to the Public Offer Underwriting Agreement, the Company is offering for subscription of 12,504,000 Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the agreement of the Offer Price on or before the Price Determination Date. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

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## UNDERWRITING

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### *Grounds for termination*

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers (on behalf of the Public Offer Underwriters) shall be entitled to terminate the Public Offer Underwriting Agreement upon the occurrence of any of the following events by notice in writing to the Company with immediate effect at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if prior to the Termination Time,

- (a) there comes to the notice of the Joint Lead Managers or any of the Public Offer Underwriters:
  - (i) any matter or event showing any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement given by, among others, the Company to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party to the Public Offer Underwriting Agreement (other than the Joint Lead Managers and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
  - (ii) any statement contained in this prospectus, the Application Forms, the web proof information pack, the formal notice and any announcements issued by the Company in connection with the Share Offer (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
  - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
  - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole opinion of the Joint Lead Managers, a material omission in the context of the Share Offer; or

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## UNDERWRITING

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- (v) any event, act or omission which gives or is likely to give rise to any liability of the Company and any of the executive Directors or the Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement; or
  - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Joint Lead Managers and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Joint Lead Managers, is material; or
- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the BVI, Bermuda, the United States, Australia, the United Kingdom or any of the jurisdictions in which the 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 the Group; or
  - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, the PRC, the BVI, Bermuda, the United States, Australia, the United Kingdom or any of the jurisdictions in which the 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 the Group, the local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
  - (iii) any change in the system under which the value of the HK dollars or Renminbi is linked to that of the US dollars; or
  - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the PRC, the BVI, Bermuda, the United States, Australia, the United Kingdom or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law, rule, or regulation to have a presence (by whatever name called) or any other jurisdiction relevant to the Group; or

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## UNDERWRITING

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- (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of the Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the United States, Australia, the United Kingdom or any other country or organisation on Hong Kong, the PRC or any other jurisdiction relevant to the Group; or
- (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the PRC, Hong Kong or any other jurisdiction relevant to the Group; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
- (x) 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 Hong Kong, the PRC, the United States, Australia, the United Kingdom or any other jurisdiction relevant to the Group; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (xii) any material loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of the Group;

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## UNDERWRITING

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which, in the sole and absolute opinion of the Joint Lead Managers:

- (1) is or will be, or is likely to be adverse to the business, financial, trading or other condition or prospects of the Group taken as a whole or any member of the Group; or
- (2) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Share Offer; or
- (3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) 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 a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

### *Lock-up undertakings to the Public Offer Underwriters*

#### Undertakings by the Company

The Company has undertaken to the Joint Lead Managers (on behalf of all the Public Offer Underwriters) that, and the Controlling Shareholders have undertaken to the Joint Lead Managers (on behalf of all the Public Offer Underwriters) to procure that:

- (a) except for the issue of Shares pursuant to the Share Offer or as otherwise with the Joint Lead Managers' prior written consent, and unless in compliance with the Listing Rules, the Company will not, and will procure none of its subsidiaries will, at any time during the period commencing from the date of this prospectus in which disclosure of its shareholding in the Company is made and ending on the date falling six months from the Listing Date (the "**First Six-Month Period**") (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or 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, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of its share capital, debt capital or any securities of the Company or any of its subsidiaries or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants

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## UNDERWRITING

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or other rights to purchase, any such share capital or securities or interest therein, 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 such share capital, debt capital or securities or interest therein as described in paragraph (i) above; or (iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i), (ii) or (iii) above, whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise; and

- (b) in the event of the Company entering into or agreeing to enter into any of the foregoing transactions in respect of any Share or other securities of the Company or any of its subsidiaries or any interest therein by virtue of the aforesaid exceptions or during the six-month period commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), the Company will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of the Company.

### Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to the Joint Lead Managers (on behalf of all the Public Offer Underwriters) that:

- (a) it will not, and will procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it will not, without the Joint Lead Managers’ prior written consent and unless in compliance with the Listing Rules, at any time during the First Six-Month Period (i) offer, accept subscription for, sell, pledge, mortgage, 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, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of the Company or any securities of the Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein); 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 the share capital, debt capital or other securities of the Company or any interest therein; or (iii) enter or agree to enter into, conditionally or unconditionally, or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (i) or (ii) above; or (iv) agree or contract to, or publicly announce any intention to enter into or effect any of the transactions referred to in paragraph (i), (ii) or (iii) above, whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;

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## UNDERWRITING

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- (b) it will not, and will procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it will not, at any time during the Second Six-Month Period, enter into any of the foregoing transactions in paragraph (a)(i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a Controlling Shareholder of the Company or would together with the other Controlling Shareholders cease to be, or regarded as, Controlling Shareholders of the Company; and
  
- (c) until expiry of the Second Six-Month Period, in the event that it enters into any such transactions in paragraph (a)(i), (ii) or (iii) above or agrees or contracts to or publicly announces an intention to enter into any such transactions by virtue of the aforesaid exceptions, it will take all reasonable steps to ensure that such action will not create a disorderly or false market in the Shares or other securities of the Company.

Each of the Controlling Shareholders has jointly and severally undertaken to the Joint Lead Managers (on behalf of all the Public Offer Underwriters) that at any time during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling twelve months from the Listing Date, it will:

- (i) when it pledges or charges any Shares or other securities or interests in the securities of the Company in respect of which it is the beneficial owner, immediately inform the Company, the Sponsor and the Stock Exchange in writing of any such pledges or charges together with the number of Shares or other securities of the Company and nature of interest so pledged or charged; and
  
- (ii) when it receives any indication, whether verbal or written, from any such pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company, the Sponsor and the Stock Exchange in writing of any such indication.

The Company has undertaken to the Sponsor, and each of the Controlling Shareholders has jointly and severally undertaken to the Sponsor that it will procure the Company to, inform the Stock Exchange as soon as the Company has been informed of the matters mentioned in paragraphs (i) and (ii) immediately above, and to make a public disclosure of such matters as soon as possible thereafter in accordance with the Listing Rules.

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## UNDERWRITING

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### *Lock-up undertakings to the Stock Exchange pursuant to the Listing Rules*

#### Undertakings by the Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, the Controlling Shareholders have irrevocably and unconditionally undertaken to the Stock Exchange and the Company that they shall not, and shall procure that any registered holder(s) controlled by any of them or their nominees or trustees holding in trust for any of them not to, (i) in 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 the securities of the Company or any interests therein owned by any of them or in which any of them is, directly or indirectly, interested immediately after completion of the Share Offer; and (ii) in 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 securities referred to in (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a Controlling Shareholder of the Company (save, in either case, pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan).

The Controlling Shareholders have irrevocably and unconditionally undertaken to the Company and the Stock Exchange that they will, within a period of commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform the Company in writing of:

- (a) any pledges or charges of any securities of the Company beneficially owned by them, whether directly or indirectly, in favor of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such securities of the Company so pledged or charged; and
- (b) any indication received by them, either verbal or written, from any pledgee or chargee of any securities of the Company pledged or charged that any of such securities will be disposed of.

#### **Placing**

In connection with the Placing, it is expected that the Company and the Controlling Shareholders will enter into the Placing Underwriting Agreement with the Joint Lead Managers and the Placing Underwriters, on terms and conditions that are substantially similar to those in the Public Offer Underwriting Agreement as described above and on the additional terms described below.



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## UNDERWRITING

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Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers to subscribe for, or failing which they shall subscribe for, the Placing Shares initially being offered pursuant to the Placing. The Reserved Shares offered pursuant to the Preferential Offered will also be underwritten by the Placing Underwriters under the Placing Underwriting Agreement. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, the Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Lock-up undertakings to the Public Offer Underwriters” above in this section.

### **Commission and expenses**

The Public Offer Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Public Offer Shares in accordance with the terms of the Public Offer Underwriting Agreement; the Placing Underwriters are expected to receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Placing Shares and the Reserved Shares in accordance with the Placing Underwriting Agreement. Out of such underwriting commissions, the Underwriters may pay any sub-underwriting commission in connection with the Share Offer. Assuming an Offer Price of HK\$0.80 per Offer Share (being the mid-point of the indicative Offer Price range between HK\$0.70 and HK\$0.9), the aggregate commission and fees payable to the Underwriters, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK\$2.5 million in total, which will be payable by the Company.

### **SPONSOR’S AND UNDERWRITERS’ INTEREST IN THE COMPANY**

The Sponsor will receive a documentation fee. The Joint Lead Managers and the other Underwriters will or are expected to receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed “Underwriting arrangements and expenses – Commission and expenses” above.

The Company has appointed Investec as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the year ending 31 December 2012.

Save as disclosed above, none of the Sponsor and the Underwriters is interested legally or beneficially in shares of any members of the Group 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 members of the Group or has any interest in the Share Offer.

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

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## UNDERWRITING

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### MINIMUM PUBLIC FLOAT

The Directors and the Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.