
UNDERWRITING

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Hong Kong Underwriters

Sole Global Coordinator, Bookrunner, Lead Manager

Guotai Junan Securities (Hong Kong) Limited

Co-Lead Manager

Shenyin Wanguo Capital (H.K.) Limited

Co-Manager

Ample Orient Capital Limited
Ever-Long Securities Company Limited
Huatai Financial Holdings (Hong Kong) Limited
South China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

(a) Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering Hong Kong Offer Shares for subscription by way of the Hong Kong Public Offer on and subject to the terms and conditions of this prospectus and the related Application Forms and International Placing Shares for subscription by way of the International Placing on and subject to the terms and conditions of this prospectus.

Subject to, among other matters, the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, and such approval and permission not having been subsequently revoked prior to 8:00 a.m. on the Listing Date and certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offer.

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

UNDERWRITING

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur or come into effect:
 - (i) any new law or regulation or change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the BVI, the PRC, the Cayman Islands or any other jurisdictions relevant to any member of the Group (the “Specific Jurisdictions”); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in Hong Kong, the PRC, the United States, Europe, the BVI, Cayman Islands, Asia, national, regional, international financial, political, military, industrial, fiscal, regulatory, economic, currency, exchange control, stock or other financial market conditions, prospects, circumstances or matters; or
 - (iii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in the conditions of the Hong Kong or international securities markets (or in conditions affecting a sector only of such market) including, for the avoidance of doubt, any significant adverse change in the index level or volume of turnover of any such markets; or
 - (iv) without prejudice to sub-paragraph (ii) or (iii) above, the imposition of any moratorium, suspension or material fluctuations in trading prices of the securities generally traded on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Market or any of the stock exchanges in China, a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency or any interruption in securities settlement or clearance service or procedures in Hong Kong or anywhere in the world; or
 - (v) a change or development occurs involving a prospective change taxation or currency exchange controls (or the implementation of any exchange control) in Hong Kong or any of the Specific Jurisdictions; or

UNDERWRITING

- (vi) the imposition of economic sanctions, withdrawal of trading privileges, embargo, restraint or prohibition of import and export, in whatever form, by the US or the European Union (or any member thereof) on Hong Kong or the PRC; or
- (vii) any investigation or litigation or claim being threatened or instituted against any Director or any member of the Group; or
- (viii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout shall have occurred, happened or come into effect; or
- (ix) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States of America or by the European Union (or any member thereof) on Hong Kong or any of the Specific Jurisdictions; or
- (x) any change or development involving a prospective change, or an actual occurrence of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (xi) a valid demand by any creditor for repayment or payment of any 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
- (xii) any loss or damage sustained by any member of the Group (howsoever caused an whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for 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 general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or the PRC, and any such event, in the sole opinion of the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters), is or will or could reasonably be expected to have a material adverse effect on the business, financial or other condition or prospects of the Group as a whole or in the case of paragraph (xi) above, to any present or prospective shareholder of

UNDERWRITING

the Company in his, her or its capacity as such; or has or will have or could reasonably be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed.

- (b) there comes to the notice of the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters) any matter or event showing any of the representations and warranties contained in the Hong Kong Underwriting Agreement to be or maybe untrue or inaccurate in any material respect or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect reasonably considered by the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters) to be material or showing any of the undertakings contained in the Underwriting Agreement or other obligations or undertakings expressed to be assumed by or imposed on the Company and the executive Directors under the Underwriting Agreement not to have been complied with in any respect considered by the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) to be material; or
- (c) any statement contained in this prospectus, other reports, documents and legal opinions connected with the Global Offering or the application for listing of the Shares on the Stock Exchange has become or been discovered, alleged or suspected to be untrue, incorrect or misleading in any respect; or
- (d) matters have arisen or have been discovered or alleged which would, if this prospectus was to be issued at that time, constitute a material omission therefrom; or
- (e) there is any adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the absolute opinion of the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) is material in the context of the Global Offering.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Each of the Controlling Shareholders jointly and severally undertakes to and covenants with each of the Sole Sponsor, the Sole Global Coordinator, the Bookrunner, the Lead Manager, the Hong Kong Underwriters and the Company that:

- (i) without the prior written consent of the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters), which they may withhold in their reasonable discretion regardless of whether or not the Stock Exchange shall have consented thereto, he and it will not, and will procure that none of his or its associates (as defined in the Listing Rules) or companies controlled by him or it

UNDERWRITING

will, within the period of six months commencing from the Listing Date, dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any of the Shares or any interests therein owned by him or it or in which he, or it is, directly or indirectly, interested immediately after the completion of the Global Offering and the Capitalization Issue (or any other shares or securities of or interest in the Company arising or deriving therefrom) or dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any shares in any company controlled by him or it which is the beneficial owner of any of such Shares provided that the foregoing restriction shall not apply to any Shares which he or it or any of his or its associates (as defined in the Listing Rules) may acquire following the Listing Date;

- (ii) without the prior written consent of the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters), within a further six months commencing on the expiry of the six-month period referred to in paragraph (i) above, he or it will not, and will procure that none of his or its associates (as defined in the Listing Rules) or the companies controlled by him or it will, dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any Shares or any interests therein referred to in paragraph (i) above or dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any shares in any company controlled by him or it which is the beneficial owner of such Shares if, immediately following such disposal, any of them, either individually or taken together with the others, would cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or cease to hold a controlling interest (that is to say, an interest of over 30% or such lower amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers (the “**Takeover Code**”) as being the level for triggering a mandatory general offer) in any of the companies controlled by him or it which owns any such Shares; and
- (iii) in the event of any disposal of Shares or any such interests referred to in paragraph (i) above after expiry of the six-month period referred to in paragraph (i) above, all reasonable steps will be taken to ensure that such disposal will not create a false or disorderly market in the Shares.

The Company undertakes to and covenants with the Hong Kong Underwriters that, and each of the Controlling Shareholders and the executive Directors jointly and severally undertakes and covenants with the Hong Kong Underwriters to procure that, without the prior written consent of the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) (such consent will not be the unreasonably withheld or delayed), the Company will not, save pursuant to the Global Offering, the Capitalization Issue, the grant of any option under the Share Option Scheme or the exercise of any option granted under the Share Option Scheme or any scrip dividend schemes or similar schemes providing for the allotment and issue of Shares in lieu of whole or part of a dividend in accordance with the articles of association (a) within

UNDERWRITING

the period of six months from the Listing Date, issue or agree to issue any shares or securities in the Company or any of its major subsidiaries (as defined in paragraph 17(2) of Appendix 7b to the Listing Rules) or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, any securities of the Company or any of its major subsidiaries (as defined aforesaid); and (b) within a further six months following the six-month period referred to in (a) above, issue or agree to issue any shares or securities in the Company or any of its major subsidiaries (as defined aforesaid) or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into or exchange for, any Shares or securities in the Company or any of its major subsidiaries (as defined aforesaid) so as to result in the Controlling Shareholders, either taken individually or taken together, cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company or hold a controlling interest (that is to say, an interest of over 30% or such lower amount as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) in any of the companies controlled by him or it which owns any Shares.

Each of the Company and the Controlling Shareholders undertakes to and covenants with each of the Sole Sponsor, the Sole Global Coordinator, the Bookrunner, the Lead Manager and the Hong Kong Underwriters that save with prior written consent of the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters) (such consent not to be unreasonably withheld or delayed), no company in the Group will within the period of six months from the Listing Date purchase any securities of the Company.

Each of the Controlling Shareholders undertakes and covenants with the Hong Kong Underwriters not to and shall procure that none of its associates or the companies controlled by him or it will, within the period of 12 months from the Listing Date, pledge, charge, encumber or create any third-party rights in respect of any of the Shares owned or held by any of them or the relevant company (whether directly or indirectly) save with the prior written consent of the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters).

Each of the Controlling Shareholders undertakes and covenants with the Company, the Hong Kong Underwriters that in the event that consent is granted by the Sole Global Coordinator pursuant to the paragraph above to pledge, charge, encumber or create any third-party rights in respect of any of the Shares owned or held by any of them or the relevant company (whether directly or indirectly), it shall:

- (i) immediately inform the Company, the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters) and the Stock Exchange details of such arrangement in writing prior to entering into such arrangement; and
- (ii) immediately inform the Company, the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters) and the Stock Exchange when it receives indications, either verbal or written, from the relevant pledgee or chargee that it shall enforce right in respect of any of the pledged or charged Shares.

UNDERWRITING

The Company undertakes and covenants with the Hong Kong Underwriters that the Company shall forthwith inform the Sole Global Coordinator (acting for itself and on behalf of the Hong Kong Underwriters) and the Stock Exchange in writing immediately after it has been informed of the matters referred to in paragraphs (i) and (ii) above and the Company shall, if so required by the Stock Exchange or the Listing Rules, disclose such matters by way of an announcement and shall comply with all requirements of the Stock Exchange.

(b) International Placing

International Placing Agreement

In connection with the International Placing, the Company is expected to enter into the International Placing Agreement with, among others, the International Underwriters and the Sole Global Coordinator. Under the International Placing Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares. The International Placing Agreement is conditional upon and subject to the Hong Kong Underwriting Agreement having been signed and becoming unconditional.

(c) Commission

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price payable for the Offer Shares, out of which the Underwriters will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the relevant International Underwriters. The commission payable to the Underwriters, together with Stock Exchange listing fees and trading fee, SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$20.4 million in total and are payable by the Company, assuming an Offer Price of HK\$1.14 per Share, being the mid-point of the indicative range of Offer Price.

Underwriters' interests in our Company

Save for its obligations under the Underwriting Agreement(s), none of the Underwriters has any shareholding interest in the Company or any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Shares or securities in any member of the Group.