
UNDERWRITING

UNDERWRITERS

Public Offer Underwriters

BOCOM International Securities
Somerley

Placing Underwriters

BOCOM International Securities
Taifook Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

The Public Offer Underwriting Agreement was entered into on 11 August 2010. Pursuant to the Public Offer Underwriting Agreement, the Company is offering initially 16,680,000 Public Offer Shares (subject to re-allocation) for subscription by way of Public Offer at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer (including any Shares which may be issued or sold pursuant to the exercise of the Over-allotment Option) and any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme, and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Public Offer Shares now being offered and which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to, among other things, the Placing Underwriting Agreement having been signed and becoming unconditional.

Grounds for Termination

The Lead Manager (on behalf of itself and the other Public Offer Underwriters) may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to the Company at any time at or before 8:00 a.m. on the Listing Date if:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any change or prospective change (whether or not permanent) in the condition, financial or prospects otherwise, or in the earnings, business or in the financial or trading position of the Group; or

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- (b) any change or development involving a prospective change or development, or any event or series of events resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, Singapore, Japan or any other jurisdictions where any member of the Group is incorporated (collectively, the “Relevant Jurisdictions”); or
- (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (d) any new Law or any change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in the Shares; or
- (f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (g) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Company, New Charming, Mr. Yip, Chan Kai Fung and Chan Wing Shing, Wilson (the “Warrantors”) under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or
- (h) (i) any moratorium, suspension, limitation or restriction on dealings in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange or the Singapore Stock Exchange or (ii) any moratorium on commercial banking activities or material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic

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sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

- (k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (l) any change in the system under which the value of the Hong Kong dollars or Renminbi is linked to that of the U.S. dollars or a material devaluation of Hong Kong dollars or the Renminbi against any foreign currency; or
- (m) any 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
- (n) a contravention by any member of the Group of the Listing Rules or applicable Laws; or
- (o) a prohibition on the Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (p) non-compliance of any aspect of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable Law; or
- (q) a petition being presented for the winding-up or liquidation of any member of the Group or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto in respect of any member of the Group; or
- (r) any loss or damage sustained by any member of the Group; or
- (s) any proceedings, claims, litigation, arbitration or governmental proceedings or investigations being instigated or threatened against, or directly or indirectly involve, any member of the Group, or directly or indirectly involve or affect any of the directors of any member of the Group; or
- (t) a Director being charged with an indictable offence or prohibited by the operation of Law or is otherwise disqualified from taking part in the management of a company; or
- (u) the chairman or chief executive officer of the Company vacating his office; or
- (v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or

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- (w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a breach of any other provisions thereof; or
- (x) any matter or event resulting in any statement contained in any of this prospectus or the Application Forms being untrue, inaccurate, misleading or incomplete in any respects,

which in the sole and absolute opinion of the Lead Manager (whose decision is final and binding):

- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of any member of the Group and/or the Group taken as a whole and/or to any present or prospective shareholder in its capacity as such; or
 - (b) has or will or may have a material adverse effect on the success of the Public Offer, the Placing and/or the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this prospectus; or
- (ii) any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:
- (a) any of the warranties given by the Warrantors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Lead Manager in its sole and absolute discretion, or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or
 - (b) any statement contained in this prospectus was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute a material omission therefrom as determined by the Lead Manager in its sole and absolute discretion, or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by the Company in connection with the Public Offer (including any supplemental or amendment thereto) are not fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (c) there has been a breach on the part of any of the Warrantors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by the Lead Manager in its sole and absolute discretion; or

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- (d) any of the Reporting Accountants, the property valuer in relation to the Share Offer, the legal advisers of the Company on Cayman Islands law and the legal advisers of the Company on Hong Kong law, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (e) approval for the listing of and permission to deal in the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Stock Exchange is refused or not granted, other than subject to customary conditions, on or before the listing approval date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (f) the Company withdraws any documents published or issued by or on behalf of the Company or the Public Offer Underwriters or the Placing Underwriters for the purposes of or in connection with the Share Offer (and any other documents used in connection with the contemplated subscription and sale of the Shares) or the Share Offer.

Undertakings

Each of New Charming and Mr. Yip (the “Covenantors”) has undertaken to each of the Joint Sponsors, the Public Offer Underwriters, the Lead Manager and the Company that it will not, without the prior written consent of the Joint Sponsors and the Lead Manager (on behalf of the Public Offer Underwriters), directly or indirectly, and will procure that none of his or its associates or companies controlled by him or it or any nominee or trustee holding in trust for him or it will:

- (i) 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 therein or any of the voting or other rights attaching thereto) 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 therein or any of the voting or other rights attaching thereto); or
- (ii) 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 any interest therein or any of the voting or other rights attaching thereto) or such securities,

at any time during the Lock-up Period, save in connection with any stock lending arrangement between New Charming and the Lead Manager and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the period of six months immediately following the expiry of the Lock-up Period (the “Second Six Months Period”), (a) such

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disposal or the exercise or enforcement of such options, rights, interests or encumbrances, shall not result in any of the Covenantors, directly or indirectly ceasing to be the controlling shareholder (as defined in the Listing Rules) of the Company at any time during the Second Six Months Period, and (b) 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 the Company or any interest therein.

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange that save as pursuant to the Stock Borrowing Agreement or note (2) to Rule 10.07(2) of the Listing Rules, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules, such Controlling Shareholders shall not:

- (a) at any time in the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (b) at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, such Controlling Shareholder will then cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

Each of the Controlling Shareholders has undertaken to each of the Company and the Stock Exchange that, during the period commencing on the date by reference to which disclosure of such Controlling Shareholder's direct or indirect shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, such Controlling Shareholder shall:

- (i) when such Controlling Shareholder or such Controlling Shareholder's nominee(s) or trustee(s) holding in trust for such Controlling Shareholder pledge(s) or charge(s) any of the Shares or other securities of the Company beneficially owned by such Controlling Shareholder in favor of any authorised institution pursuant to Note (2) to Rule 10.07 of the Listing Rules, immediately inform the Company of such pledge or charge (as the case may be) together with the number of Shares or securities so pledged or charged; and
- (ii) when such Controlling Shareholder receives any indication, either verbal or written, from the pledgee or chargee that any of the Shares or securities in the Company such Controlling Shareholder pledged or charged shall be disposed of, immediately inform the Company of such indication.

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Each of the Covenantors has undertaken to the Joint Sponsors, the Lead Manager and each of the Public Offer Underwriters and the Company that, within the Lock-up Period and the Second Six Months Period, he or it shall:

- (i) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of the Company beneficially owned by him or it (or any beneficial interest therein), immediately inform the Company and the Joint Sponsors in writing of such pledge or charge together with the number of such Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities so pledged or charged; and
- (ii) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in the Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform the Company, the Lead Manager and the Joint Sponsors in writing of such indications.

The Company shall inform the Stock Exchange as soon as the Company has been informed of the above matters (if any) and disclose such matters by way of an announcement in accordance with the Listing Rules.

Under Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not issue any further Shares or securities convertible into any equity securities the Company (whether or not of a class already listed) or enter into any agreement to such issue within the Lock-up Period (whether or not such issue of Shares or securities of the Company will be completed within the Lock-up Period), except under the Share Offer (including the exercise of the Over-allotment Option) or for the circumstances provided under Rule 10.08(1) to 10.08(4) of the Listing Rules.

The Company has undertaken to the Joint Sponsors, the Lead Manager and the other Public Offer Underwriters that the Company will, and each of the Covenantors and each of Mr. Yip, Chan Kai Fung and Chan Wing Shing, Wilson (in their capacities as the executive Directors) has undertaken to procure that the Company will, among others:

- (i) not, during the Lock-up Period, except pursuant to the Share Offer (including the exercise of the Over-allotment Option), the exercise of any options which may be granted under the Share Option Scheme, or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, without the prior written consent of the Joint Sponsors and the Lead Manager (on its behalf and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules:
 - (a) 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 the Company or any of its Affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto; or

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- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise; or
 - (c) announce any intention to effect any such transaction,
- (ii) not at any time during the Lock-up Period, and subject always to the provisions of the Listing Rules, except pursuant to the Share Offer (including the exercise of the Over-allotment Option), or the exercise of any options which may be granted under the Share Option Scheme, or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, 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 the Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of the Company) or repurchase any Shares or securities of the Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of the Company or agree to do any of the foregoing;
 - (iii) not at any time within the period of the Second Six Months Period, do any of the acts set out in paragraphs (i) and (ii) above such that any of the Covenantors, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of the Company; and
 - (iv) in the event that the Company does any of the acts set out in paragraphs (i) and (ii) above after the expiry of the Lock-up Period or the Second Six Months Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of the Company or any interest therein.

Placing

Placing Underwriting Agreement

In connection with the Placing, the Company expects to enter into the Placing Underwriting Agreement with, amongst other parties, the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions set out therein, severally agree to purchase the Placing Shares or procure purchasers for the Placing Shares. The Placing Underwriting Agreement is expected to provide that it 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. It is expected that pursuant to the Placing Underwriting Agreement, the Company will give undertakings similar to as those given pursuant to the Public Offer Underwriting Agreement as described in “Underwriting — Underwriting arrangements and expenses — Public Offer — Undertakings.”

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Under the Placing, the Company is expected to grant to the Placing Underwriters the Over-allotment Option, exercisable by the Lead Manager on behalf of the Placing Underwriters in full or from time to time up to (and including) the date which is the 30th day after the last date for the lodging of Application Forms under the Public Offer, to require the Company to allot and issue up to an aggregate of 25,020,000 additional Shares, representing in aggregate 15% of the Offer Shares initially available under the Share Offer. These additional Shares will be issued or sold at the Offer Price and used to cover over-allocation, if any, in the Placing.

It is expected that the Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in the Company for a period similar to such undertakings given by it pursuant to the Public Offer Underwriting Agreement, which is described in “Underwriting — Underwriting arrangements and expenses — Public Offer — Undertakings.”

Underwriting Commission and Expenses

The Placing Underwriters and Public Offer Underwriters will receive a commission of 3.5% of the aggregate Offer Price of all the Offer Shares (including any Shares to be issued or sold pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commission.

In addition to the aforesaid commission payable to the Placing Underwriters and the Public Offer Underwriters, the Company agreed to pay to BOCOM International Securities an incentive fee equivalent to: (i) in the event that the aggregate gross proceeds (excluding any brokerage, Stock Exchange trading fee and SFC transaction levy) raised as a result of (a) the Share Offer; and (b) the exercise of the Over-allotment Option (if any) (the “Aggregate Gross Proceeds”) are over HK\$200 million but less than HK\$270 million, 2.0% of the aggregate Offer Price of the Offer Shares (including any Shares to be issued or sold pursuant to the Over-allotment Option); or (ii) in the event that the Aggregate Gross Proceeds are equal to or exceed HK\$270 million, 4.0% of the aggregate Offer Price of the Offer Shares (including any Shares to be issued or sold pursuant to the Over-allotment Option).

Excluding the commission payable to the Placing Underwriters and the Public Offer Underwriters, the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer are currently estimated to be approximately HK\$15.7 million in aggregate and are to be borne by the Company. For unsubscribed Public Offer Shares reallocated to the Placing, the Company will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the relevant Placing Underwriters (but not the Public Offer Underwriters).

Public Offer Underwriter’s Interests in the Company

The Listing of the Shares on the Stock Exchange is sponsored by BOCOM International Asia and Somerley.

BOCOM International Holdings is a wholly-owned subsidiary of Bank of Communications Co., Ltd. BOCOM International Asia is a wholly-owned subsidiary of BOCOM International Holdings. Pursuant to the Call Option Agreement, BOCOM International Holdings exercised the Options to require Mr. Yip to transfer the Option Shares to BOCOM International Holdings, representing approximately 10% of the total issue share capital of the Company prior to the Share Offer, and approximately 7.5% of

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the total issue share capital of the Company immediately after the Share Offer (assuming the Over-allotment Option is not exercised). Details of the Call Option Agreement and the conversion are set out in the section headed “History, Reorganisation and Group Structure” of this prospectus. Accordingly, BOCOM International Asia does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Bank of Communications Co., Ltd. Hong Kong Branch provides general banking facilities to Bright Smart Securities for the sole purpose of financing the IPO financing business of Bright Smart Securities pursuant to a master staging facility letter (stockbroker/securities margin financier) dated 10 September 2008. The maximum outstanding loan amount due from Bright Smart Securities to Bank of Communications Co., Ltd. Hong Kong Branch from the date of submission of the listing application of the Company to the Stock Exchange up to 31 July 2010 was approximately HK\$2,273.3 million, and there was no outstanding loan amount due from Bright Smart Securities to Bank of Communications Co., Ltd. Hong Kong Branch as at 31 July 2010.

Bank of Communications Co., Ltd. Hong Kong Branch also provides to China Finance general banking facilities in a maximum amount of approximately HK\$250 million, and a revolving loan in a maximum amount of approximately HK\$148 million for the purpose of shareholder’s capital injection or shareholder’s loan of Bright Smart Securities during which period Bright Smart Securities is conducting IPO financing. The maximum loan amount due from China Finance to Bank of Communications Co., Ltd. Hong Kong Branch from the date of submission of the listing application of the Company to the Stock Exchange up to 31 July 2010 was approximately HK\$443.9 million.

BOCOM International Securities, being a wholly-owned subsidiary of BOCOM International Holdings, which is a wholly-owned subsidiary of Bank of Communications Co., Ltd., is the Bookrunner, Lead Manager and one of the Underwriters. Bank of Communications Co., Ltd. Hong Kong Branch is one of the receiving bankers for the Public Offer.

Save as disclosed in this prospectus and other than pursuant to the Public Offer Underwriting Agreement, none of the Public Offer Underwriters has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Public Offer Underwriting Agreement.