

UNDERWRITERS

Name of Hong Kong Underwriters

BNP Paribas Capital (Asia Pacific) Limited
UBS AG
BOCI Asia Limited
Guotai Junan Securities (Hong Kong) Limited
Core Pacific-Yamaichi International (H.K.) Limited
Shenyin Wanguo Capital (H.K.) Limited
South China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering Hong Kong Offer Shares (subject to adjustment) for subscription by way of the Hong Kong Public Offering 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 and certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions, on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement, for the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if any of the following events occurs prior to 8:00 a.m. on the day on which dealings in the Offer Shares first commence on the Stock Exchange:

- (1) there has come to the notice of the Joint Global Coordinators:
 - (a) that any statement, considered by the Joint Global Coordinators to be material, contained in this prospectus and/or the Application Forms in relation to the Global Offering was, when it was issued, or has become, untrue, incorrect or misleading or that any forecasts, expressions of opinion, intention or expectation considered by the Joint Global Coordinators to be material to the Global Offering expressed in this prospectus and/or the relevant Application Forms are not fair and honest and based on reasonable assumptions, when taken as a whole; or

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- (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 an omission therefrom reasonably considered by the Joint Global Coordinators to be material to the Global Offering; 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 Joint Global Coordinators or the Underwriters); or
 - (d) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or financial or trading position or performance of the Group as a whole which is considered by the Joint Global Coordinators to be material in the context of the Global Offering; or
 - (e) any breach of any of the warranties under the Hong Kong Underwriting Agreement considered by the Joint Global Coordinators to be material in the context of the Global Offering; or
 - (f) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any Shares that may be sold by the Selling Shareholder upon the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (g) the Company withdraws this prospectus (and any other documents used in connection with the contemplated offering of the Offer Shares) or the Global Offering; or
 - (h) any person (other than any of the Joint Global Coordinators or the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus or to issue of this prospectus; or
- (2) 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, acts of government, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics including Severe Acute Respiratory Syndrome and H5N1 and such related or mutated forms or interruption or delay in transportation); or
 - (b) any change or development involving a prospective change, or any event or series of events likely to result in or representing any change or development involving a prospective change, in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory or market conditions or matters or monetary or trading settlement systems (including any moratorium, suspension or restriction on trading in securities generally on

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the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange or the Nasdaq National Market), or a fluctuation in the exchange rate of the Hong Kong dollar against any foreign currency in any of Hong Kong, the PRC, the United Kingdom, the United States or Japan (the “Specific Jurisdictions”); or

- (c) any new law or 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 other competent authority in any of the Specific Jurisdictions; or
- (d) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States or by the European Union (or any member thereof) on any of the Specific Jurisdictions; or
- (e) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (f) 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
- (g) any litigation or claim of any third party which has a material adverse effect on the Group as a whole being instigated against any member of the Group; or
- (h) 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
- (i) the chairman or chief executive officer of the Company vacating his office; or
- (j) the commencement by any regulatory body or organisation of any public action against a Director or an announcement by any regulatory body or organisation that it intends to take any such action; or
- (k) a material breach by any member of the Group of the Companies Ordinance or any of the Listing Rules; or
- (l) a prohibition on the Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or
- (m) non-compliance of this prospectus (or any other documents used in connection with the contemplated offering of the Offer Shares) or any aspect of the Global Offering with the Listing rules or any other applicable law or regulation; or
- (n) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus or the offering circular relating to the International Offering (or any

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other documents used in connection with the contemplated offering of the Offer Shares) pursuant to the Companies Ordinance, the Listing Rules or any other applicable laws; or

- (o) 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 to take 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
- (p) 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 otherwise), New York (imposed by the United States federal or New York state level or otherwise), Japan, the United Kingdom or the PRC or a disruption in commercial banking or securities settlement or clearance services in the aforesaid jurisdictions,

which in each case in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (1) is or will or could be expected to have a material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of the Group as a whole; or (2) has or will have or could be expected to have a material adverse effect on the success, marketability or pricing 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 it or will make it inadvisable, inexpedient or impracticable for the Global Offering to proceed on the terms and in the manner contemplated in this prospectus (or any other documents used in connection with the contemplated offering of the Offer Shares) or to market the Global Offering; or (4) has or would have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payment pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings

The Company has undertaken to the Stock Exchange, the Joint Global Coordinators, the Sponsor and the Underwriters in the Underwriting Agreements that, except pursuant to the Global Offering or with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules, it will not allot or issue, or agree to allot or issue, shares or other securities of the Company (including warrants or other convertible or exchangeable securities) or grant or agree to grant any options, warrants or other rights to subscribe for or convertible or exchangeable into shares or other securities of the Company or repurchase shares or other securities of the Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any shares of the Company or offer to or agree to do any of the foregoing or announce any intention to do so during the six months immediately following the Listing Date and in the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six

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months period after the Listing Date, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any shares or other securities of the Company.

Each of Messrs. Zhang Jingzhang, Zhang Jianming, Hu Guiqing, Zhang Jianguo, Zhang Jinglai, Zhang Jianfeng and Qian Yaoen, Ms. Chen Ningning, Premier Capital, Cambridge Management and Sky Treasure (the “Covenantors”) has undertaken to the Stock Exchange, the Joint Global Coordinators, the Sponsor, the Company and the Underwriters that without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters) and of the Stock Exchange, and unless all the relevant requirements under the Listing Rules and all applicable laws are complied with and save as permitted under any stock borrowing arrangement in connection with the Global Offering, it shall not, and will procure that the relevant registered holders shall not, directly or indirectly, 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 a date which is six months from the Listing Date (the “**Lock-up Period**”):

- (a) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of such securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner(s) or any interest in such securities (which includes any interest in a company which holds any such securities) or securities that constitute or confer the right to receive such securities or securities convertible into or exercisable or exchangeable for or repayable with such securities; or
- (b) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such securities, whether any such swap agreement or other agreement or transaction is to be settled by delivery of such securities or other securities, in cash or otherwise; or
- (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or
- (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above.

Each of the Covenantors has undertaken to the Stock Exchange, the Joint Global Coordinators, the Sponsor, the Company and the Underwriters that without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters) and of the Stock Exchange, and unless all the relevant requirements under the Listing Rules and all applicable laws are complied with, it shall not, and will procure that the relevant registered holder(s) shall not, directly or indirectly, in the period of six months commencing on the date on which the Lock-up Period expires do any of the foregoing if immediately following such actions, the Covenantors collectively would cease to be a controlling shareholder of the Company for the purposes of the Listing Rules

In the event that a Covenantor takes any such action aforementioned, such Covenantor shall take all reasonable steps to ensure that any such action will not create a disorderly or false market for any Offer Shares or other securities of the Company.

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Each of the Covenantors has also undertaken to the Stock Exchange, the Company, the Joint Global Coordinators, the Sponsor and the Underwriters that within the period from the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it shall:

- (1) when it pledges or charges any securities or interests in the securities of the Company beneficially owned by it in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company and the Joint Global Coordinators in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (2) when it receives indications, whether verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications.

The Company will inform the Stock Exchange and the Joint Global Coordinators as soon as it has been informed of the matters above (if any) and disclose such matters by way of a press announcement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company is expected to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares.

Under the International Underwriting Agreement, the Selling Shareholder is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) within 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, under which the Selling Shareholder may be required to sell up to an aggregate of 59,850,000 Shares, among other things, over-allocations in the International Offering, if any, in the Global Offering.

Underwriting Commission

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Shares, out of which they will pay any sub-underwriting commission, and the Sponsor will in addition receive a financial advisory fee in relation to the Global Offering. Such fee and commission, together with 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 Global Offering, which are currently estimated to be about HK\$71.2 million in aggregate (based on an Offer Price of HK\$3.36 per Offer Share, being the mid-point of the stated range of the Offer Price between HK\$2.77 and HK\$3.95 per Offer Share) is to be borne by the Company. If the Over-allotment Option is exercised, the underwriting commission of 2.5% with respect to the Shares to be sold by the Selling Shareholder pursuant thereto will be borne by the Selling Shareholder.

Hong Kong Underwriters' interests in the Company

Save as disclosed in this prospectus and other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong 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.

Restrictions on Offer of the Offer Shares

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms, and on the terms and subject to the conditions set out herein and therein. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The offering of the International Offer Shares under the International Offering will be made pursuant to an offering circular. The distribution of the offering memorandum and the offer of the International Offer Shares may be restricted by law in certain jurisdictions. Persons into whose possession the offering circular or any of the International Offer Shares come are required to inform them about and to observe any such restrictions. The offering circular contains a description of certain restrictions on the offering of the International Offer Shares under the International Offering.