

PLACING UNDERWRITERS

DBS Asia
CITIC Securities Corporate Finance (HK) Limited
BCOM Securities Company Limited
CCB International Capital Limited
CIMB-GK Securities (HK) Limited
First Shanghai Securities Limited
Quam Securities Company Limited

PUBLIC OFFER UNDERWRITERS

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UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company and the Selling Shareholder are together offering the Offer Shares at the Offer Price for purchase subject to the terms and conditions set forth in this prospectus and the Application Forms.

In addition, the Company and the Selling Shareholder have together granted the Over-allotment Option to the Placing Underwriters, exercisable by the Global Coordinator, at any time from the Listing Date up to the date falling on the 30th day after the last day for lodging of applications under the Public Offer, to require the Company to allot and issue up to 18,000,000 additional new H Shares and the Selling Shareholder to sell up to 1,800,000 additional Sale H Shares, in aggregate representing 15% of the H Shares initially available under the Share Offer, on the same terms as those applicable to the Placing to cover over-allocations in the Placing.

Subject to the GEM Listing Committee granting listing of, and permission to deal in, the H Shares to be issued and sold as mentioned in this prospectus, and the Company and the Global Coordinator reaching an agreement on the Offer Price on or before the Price Determination Date, (i) the Placing Underwriters have severally (and not jointly or jointly and severally) agreed to procure placees to purchase, or failing which they shall purchase, the Placing Shares subject to the terms and conditions of the Underwriting Agreement; and (ii) the Public Offer Underwriters have severally (and not jointly or jointly and severally) agreed, subject to the terms and conditions of the Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares on the terms and conditions of this prospectus and the related Application Forms.

UNDERWRITING ARRANGEMENTS FOR THE SHARE OFFER

Grounds for termination

The respective obligations of the Underwriters to subscribe for/purchase, or procure subscribers/purchasers for, the Offer Shares are subject to termination. The Underwriters shall be entitled to terminate their obligations under the Underwriting Agreement upon the occurrence of any of the following events by notice in writing to the Company given by the Global Coordinator (acting for all the other Underwriters) 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 has come to the notice of the Global Coordinator:
 - (i) that any statement contained in this prospectus and the Application Forms, considered by the Global Coordinator in its sole and absolute opinion to be material, in relation to the Share Offer was when the same was issued, or has become, untrue, incorrect or misleading in any respect; or
 - (ii) 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 considered by the Global Coordinator in its sole and absolute opinion to be material to the Share Offer; or
 - (iii) any breach of any of the obligations imposed upon any party to the Underwriting Agreement which is considered by the Global Coordinator in its sole and absolute opinion to be material in the context of the Share Offer; or
 - (iv) any breach, considered by the Global Coordinator in its sole and absolute opinion to be material in the context of the Share Offer, of any of the warranties contained in the Underwriting Agreement;
- (b) there shall occur:
 - (i) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any court, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics (including without limitation Severe Acute Respiratory Syndrome, avian influenza A (H5N1) or such related/mutated forms among human being or interruption or delay in transportation); or
 - (ii) any change in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory or market conditions and matters and/or disaster (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange); or

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- (iii) any new law or regulation or 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 or the PRC; or
- (iv) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the US or by the European Union on the PRC; or
- (v) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong or the PRC; or
- (vi) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or
- (vii) 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
- (viii) any 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
- (ix) 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,

which in the sole and absolute opinion of the Global Coordinator (1) is or will or could be expected to have a material adverse effect on the business or financial condition or prospects of the Group; or (2) has or will have or could be expected to have a material adverse effect on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or (3) makes it inadvisable or inexpedient for the Share Offer to proceed.

Commissions and expenses

The Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commission in connection with the Share Offer, and the Sponsor will also receive a documentation fee. Such fee, together with the underwriting commission, listing fees, legal and other professional fees, printing, translation and other fees and expenses relating to the Share Offer, which are estimated to be approximately HK\$44 million in aggregate (assuming that the Over-allotment Option is not exercised and based on the Offer Price of HK\$4.20 (being the mid-point of the indicative Offer Price range between HK\$3.90 and HK\$4.50)), will be payable by the Company as to approximately HK\$42 million and the Selling Shareholder as to approximately HK\$2 million, on the basis that the selling

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shareholder shall bear only the underwriting commission and other related fees in relation to the sale of H shares whilst all other costs in relation to the share offer shall be borne by the Company. The Company will also pay for all expenses in connection with any exercise of the Over-allotment Option or over-allocations in the H Shares in the Placing (save for any underwriting commission in relation to over-allocations in the Sale H Shares in the Placing).

The underwriting commission relating to the new H Shares will be borne by the Company and the underwriting commission relating to the Sale H Shares will be deducted from the net proceeds to be delivered to the NSSF Council. Underwriting commission in connection with any over-allocations in the Sale H Shares in the Placing will be deducted from the net proceeds to be delivered to the NSSF Council.

Undertakings

The Company has undertaken to the Global Coordinator (acting on behalf of the Underwriters), and Chaoyang Auxillary has undertaken to the Global Coordinator (acting on behalf of the Underwriters) to procure, save as mentioned in this prospectus or with the prior written consent of the Global Coordinator (on behalf of the Underwriters) and in compliance with the GEM Listing Rules and the applicable PRC laws, that the Company would not allot or issue, or agree to allot or issue H Shares or other equity securities of the Company or grant or agree to grant any options, warrants or other rights to subscribe/purchase for or convertible or exchangeable into H Shares or other equity securities of the Company or announce any intention to do so from the date of this prospectus until the expiry of 6 months 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 6 months following the expiry of the first 6 month period after the Listing Date, it would take all reasonable steps to ensure that any such act would not create a disorderly or false market for any H Shares or other equity securities of the Company.

The Selling Shareholder has undertaken with the Global Coordinator (acting on behalf of the Underwriters) that it would:

- (a) fully and strictly comply with all restrictions (if any) applicable to it from time to time under the GEM Listing Rules and the Company Law on the disposal by it, or by the registered holder holding on trust for it, of any Relevant Securities in respect of which that it is (directly or indirectly), or is shown by this prospectus to be, the beneficial owner, unless appropriate waiver has been granted by the Stock Exchange or other relevant applicable authorities;
- (b) subject to any waiver granted by the Stock Exchange under the GEM Listing Rules and set out in this prospectus, place all the Relevant Securities beneficially owned by it, directly or indirectly, or any interest therein in escrow with an escrow agent approved by the Global Coordinator (on behalf of the Underwriters) and acceptable to the Stock Exchange for the period commencing on the date of this prospectus and ending on 12 months after the Listing Date, to the extent required by the GEM Listing Rules;

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- (c) not, and would procure that none of the associates or the companies controlled by it or its nominees or trustees holding in trust for it would (unless with the prior written consent of the Stock Exchange and the Global Coordinator) (i) sell, transfer or otherwise dispose of or create any rights (including but not limited to the creation of any options, rights or interests or entering into any agreements or other arrangements that transfers or otherwise disposes of, in whole or in part, any of the economic consequence of ownership of any Relevant Securities) in respect of any of the Relevant Securities beneficially owned by it or its associates, nominees or trustees on the Listing Date; (ii) sell, transfer or otherwise dispose of any interest (or enter into an agreement to do any of the foregoing) in any shares in any company controlled by any of them which is directly, or through another company indirectly, the beneficial owner of any of the Relevant Securities; and (iii) pledge, charge, encumber or create any third-party rights in respect of any of the Relevant Securities beneficially owned by it or its associates, nominees or trustees, in each case within the period commencing on the date of this prospectus and ending on 12 months after the Listing Date; and
- (d) upon any sale, transfer or other disposal of the Relevant Securities at any time after the expiry of the period commencing on the date of this prospectus and ending on 12 months after the Listing Date, would take all reasonable steps to ensure that such transfer or disposal will not create a disorderly or false market for the H Shares or other securities of the Company,

provided that the Selling Shareholder may, to the extent permitted by laws (in particular the relevant PRC laws) during the period commencing on the date of this prospectus and ending on 12 months after the Listing Date, in addition to disposals permitted pursuant to any waiver granted under the GEM Listing Rules, dispose of any number of the Relevant Securities or interests therein in accordance with the GEM Listing Rules provided that:

- (i) within the period commencing on the date of this prospectus and ending on 12 months after the Listing Date, it should, if and when it pledges or charges any direct or indirect interest in any of the Relevant Securities in accordance with the requirements under rules 13.18 and 13.19 of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange, immediately inform the Company and the Global Coordinator in writing of such pledge or charge and disclose such details as may be required under the GEM Listing Rules; and
- (ii) if and when it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest, immediately inform the Global Coordinator in writing together with the number of securities affected.

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SPONSOR'S AND UNDERWRITERS' INTEREST IN THE COMPANY

The Sponsor will receive a documentation fee. The Global Coordinator and the other Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Offer Shares. Particulars of these commission and expenses are set forth under “Commissions and expenses” above. In addition, the Company will enter into a compliance adviser agreement with DBS Asia whereby DBS Asia will be retained as the compliance adviser of the Company up to the date the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the year ending 31 December 2008.

Save as disclosed above, none of the Global Coordinator and the Underwriters is interested legally or beneficially in H Shares of any member 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 of the member of the Group nor any interest in the Share Offer.