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## UNDERWRITING

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### UNDERWRITERS

Bear Stearns Asia Limited

First Shanghai Securities Limited

Cazenove Asia Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreement

In connection with the International Placing, it is expected that among other parties, the Company and the Selling Shareholders will enter into the Underwriting Agreement with the Underwriters on or about the Price Determination Date. Pursuant to the Underwriting Agreement, we are offering by way of International Placing at the Placing Price, 108,000,000 Placing Shares for subscription by selected professional, institutional and private investors, subject to the terms and conditions of this prospectus.

Subject to, among other matters, the GEM Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein not later than the date which is 30 days after the date of this prospectus (or such later date as Bear Stearns (for itself and on behalf of the Underwriters) may agree) and the Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms on or before 8:00 a.m. on the Listing Date, the Underwriters have severally agreed to subscribe or procure subscribers to subscribe for the Placing Shares at the Placing Price according to their respective underwriting commitment.

We have granted the Over-allotment Option to the Underwriters exercisable by Bear Stearns (for itself and on behalf of the Underwriters) to require the Company to allot and issue up to an aggregate of 16,200,000 additional Shares, representing 15% of the Shares initially offered under the International Placing, solely to cover over-allocations in the International Placing, if any. The Over-allotment Option will expire on the date which is 30 days from the Listing Date. Details are set out in the paragraph headed “Stabilisation and Over-allotment Option” of the section headed “Structure and conditions of the International Placing” in this prospectus.

#### Grounds for termination

The obligations of the Underwriters under the Underwriting Agreement will be subject to termination by notice in writing from Bear Stearns (for itself and on behalf of the Underwriters) to us if, at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares commence on the Stock Exchange (which is expected to be on Friday, 2 November 2007):

1. there shall develop, occur, exist or come into effect:
  - (i) any new law or regulation or any change (whether or not forming part of a series of changes) in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction; or

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- (ii) any change or development, or any event or series of events likely to result in any change or development (whether permanent or not), in local, national, regional or international financial, political, military, industrial, economic, currency or market conditions or any monetary or trading settlement system (including but not limited to 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 revaluation of the Renminbi against foreign currencies); or
- (iii) any change or development in the conditions of local, national or international equity securities or other financial markets; or
- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
- (v) a change, or development involving a prospective change, in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the PRC or any other jurisdiction relevant to us; or
- (vi) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of us; or
- (vii) any act of god, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out and 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 calamity or crisis; or
- (viii) any litigation or claim being threatened or instigated by any third party against us, which will or may result in us incurring liability that is material to us; or which, in the reasonable opinion of Bear Stearns (for itself and on behalf of the Underwriters):
  - (a) is or will be or is likely to be materially adverse to the business, financial or other condition or prospects of us; or
  - (b) has or will have or is likely to have a materially adverse effect on the success of the International Placing or the level of Placing Shares being applied for or accepted or the distribution of Placing Shares; or
  - (c) makes it inadvisable or impracticable or inexpedient to proceed with the International Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by this prospectus; or

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2. there comes to the notice of any of the Underwriters:
  - (i) any matter or event showing any of the warranties, representations or undertakings given by us or the executive Directors or any Selling Shareholder in the Underwriting Agreement to be untrue, incorrect, inaccurate or misleading when given or repeated; or
  - (ii) any breach on the part of any of us or the executive Directors of any of the provisions of the Underwriting Agreement; or
  - (iii) that any statement contained in this prospectus was, when it was issued, or has become, untrue, incorrect or misleading in any material respect; or
  - (iv) that any matter has arisen which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom.

### **Undertakings**

Each of the Initial Management Shareholders (other than Wu Chak Man, Liu Ming, Growing Up Capital Inc. and Wu Jialiang), has undertaken to the Company, Bear Stearns (for itself and on behalf of the Underwriters) and the Stock Exchange that for a period of 12 months from the Listing Date:

- (a) save as provided in Rule 13.18 of the GEM Listing Rules, he/it shall not dispose of (or enter into any agreement to dispose of) nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of his/its direct or indirect interest in his/its relevant securities as defined in rule 13.15(4) of the GEM Listing Rules (the “Relevant Securities”) or otherwise create (nor enter into any agreement to create) nor permit the registered holder to create (or to enter into any agreement to create) any options, rights, interests or encumbrances in respect of his/its interests;
- (b) he/it shall place in escrow, with an escrow agent acceptable to the Stock Exchange, his/its Relevant Securities on terms acceptable to the Stock Exchange;
- (c) in the event that he/it pledges or charges any direct or indirect interest in the Relevant Securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant period set out above, he/it must inform us and Bear Stearns immediately thereafter, disclosing the number and class of securities being pledged or charged and the purpose for which the pledge or charge is made; and
- (d) having pledged or charged any of his/its interest in the Relevant Securities under sub-paragraph (c) above, he/it must inform us and Bear Stearns immediately in the event he/it becomes aware that the pledgee(s) or chargee(s) has/have disposed of or intend(s) to dispose of such interest and of the number of the Relevant Securities affected.

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Each of the Other Investors, Wu Chak Man, Liu Ming, Growing Up Capital Inc. and Wu Jialiang has undertaken to us, Bear Stearns (for itself and on behalf of the Underwriters) and the Stock Exchange that for a period of six months from the Listing Date:

- (a) he/it shall place in escrow, with an escrow agent acceptable to the Stock Exchange, his/its Relevant Securities on terms acceptable to the Stock Exchange;
- (b) save as provided in Rule 13.18 of the GEM Listing Rules, he/it shall not dispose of (or enter into any agreement to dispose of) nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of his/its direct or indirect interest in the Relevant Securities or otherwise create (nor enter into any agreement to create) nor permit the registered holder to create (or to enter into any agreement to create) any options, rights, interests or encumbrances in respect of his/its interests;
- (c) in the event that he/it pledges or charges any direct or indirect interest in the Relevant Securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant period set out above, he/it must inform us and Bear Stearns immediately thereafter, disclosing the number and class of securities being pledged or charged and the purpose for which the pledge or charge is made; and
- (d) having pledged or charged any of his/its interest in the Relevant Securities under sub-paragraph (c) above, he/it must inform us and Bear Stearns immediately in the event he/it becomes aware that the pledgee(s) or chargee(s) has/have disposed of or intend(s) to dispose of such interest and of the number of the Relevant Securities affected.

### **Commission and expenses**

The Underwriters will receive a commission of 4% of the aggregate Placing Price of all the Placing Shares, out of which they will pay any sub-underwriting commissions. The underwriting commission, the documentary fee, the Stock Exchange listing fees and trading fee, the SFC transaction levy, the legal and other professional fees together with applicable printing and other expenses relating to the International Placing, are estimated to amount to approximately HK\$88.3 million in total. The estimated amount of commission and expenses is based on the Placing Price of HK\$12.18 (being the mid-point of the indicative range of the Placing Price between HK\$11.18 and HK\$13.18 per Share) and the assumption that the Over-allotment Option is not exercised.

### **Underwriters' interest in the Company**

Save for their obligations under the Underwriting Agreement and as disclosed in this prospectus, none of the Underwriters has any shareholding interest in us or our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for securities in us or any of our subsidiaries.

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### **Compliance adviser**

On the Price Determination Date, we intend to enter into an agreement (the “Compliance Adviser Agreement”) with First Shanghai Capital to appoint it as our compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.19 of the GEM Listing Rules, the appointment is expected to be for a term commencing on the Listing Date and ending on the date on which we distribute the annual report for the second full financial year commencing after the Listing Date in accordance with Rule 18.03 of the GEM Listing Rules, unless terminated earlier pursuant to the terms of the agreement thereof.

### **Joint Sponsors’ interest in us**

Save for the advisory fees to be paid to Bear Stearns and First Shanghai Capital as the Joint Sponsors to the International Placing, the obligations of First Shanghai Capital under the Compliance Adviser Agreement and the obligations of the Joint Lead Managers under the Underwriting Agreement, and interests in securities that may be subscribed for pursuant to the International Placing, neither Bear Stearns nor First Shanghai Capital or any of their associates has or may, as a result of the International Placing, have any interest in any class of securities in us or any of our subsidiaries (including options or rights to subscribe for such securities).

No director or employee of Bear Stearns or First Shanghai Capital who is involved in providing advice to us has or may, as a result of the International Placing, have any interest in any class of securities of us or any of our subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the International Placing).

No director or employee of Bear Stearns or First Shanghai Capital has a directorship in us or any of our subsidiaries.