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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### *Joint Lead Managers*

Merrill Lynch Far East Limited  
Morgan Stanley Asia Limited

#### *Co-Lead Manager*

KGI Capital Asia Limited

#### *Co-Managers*

BNP Paribas Capital (Asia Pacific) Limited  
Chinatrust Asia Limited  
DBS Asia Capital Limited

### INTERNATIONAL UNDERWRITERS

Merrill Lynch International  
Morgan Stanley & Co. International plc

#### *Co-Lead Managers*

BNP Paribas Capital (Asia Pacific) Limited  
Mega Capital (Asia) Company Limited

#### *Co-Manager*

DBS Asia Capital Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

#### *Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on May 23, 2008. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by way of the Hong Kong Public Offering 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 the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms.

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

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### *Grounds for Termination*

The obligation of the Hong Kong Underwriters to subscribe or procure subscriptions for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement is subject to termination by notice in writing from the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters) to our Company if any of the following events occurs prior to 8:00 a.m. on the Listing Date:

- (A) there has come to the notice of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters) after the date of the Hong Kong Underwriting Agreement:
- (1) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements, circular, offer awareness materials and summary disclosure materials in the agreed form issued by us and/or Yue Yuen in connection with the Hong Kong Public Offering or the Preferential Offering (including any supplement or amendment thereto) was, has or may become untrue, incorrect or misleading in any material respects; or
  - (2) that any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or
  - (3) any breach on the part of the Company, Yue Yuen, Major Focus, Jollyard, Mr. Huang and Sports Group of any of the provisions under the Hong Kong Underwriting Agreement or the International Offering Agreement; or
  - (4) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of a material nature of the Group pursuant to the indemnities given by the Company, Yue Yuen, Major Focus, Jollyard, Mr. Huang and Sports Group under the Hong Kong Underwriting Agreement; or
  - (5) any material adverse change or prospective material adverse change in the business, results of operations, in the financial or trading position or prospects of the Group as a whole; or
  - (6) any matter or event showing any of the warranties given by the Company, Yue Yuen, Major Focus, Jollyard, Mr. Huang and Sports Group under the Hong Kong Underwriting Agreement to be untrue, inaccurate or misleading in any respect which is or likely to be, in the sole opinion of the Joint Sponsors, material in the context of the Global Offering when given or repeated; or
  - (7) that a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any of our subsidiaries or in respect of which our Company or any of our subsidiaries is liable prior to its stated maturity, which demand has or could reasonably be expected to have a material adverse effect on the Group taken as a whole; or
  - (8) that a petition is presented for the winding-up or liquidation of the Company or any of the subsidiaries or the Company or any of our subsidiaries makes any composition or arrangement with its creditors or enters into a scheme of

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arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries, which in the sole opinion of the Joint Sponsors, may or is likely to be material in the context of the Global Offering provided that the Joint Sponsors shall, to the extent practicable, seek to consult with our Company on the effect of any such development; or

- (B) there shall develop, occur, exist or come into force:
- (1) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing any change or development involving a prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, 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 devaluation of the Renminbi against any foreign currencies) in or affecting Bermuda, Hong Kong, the PRC, the United States, any members of the European Union, Japan or any other relevant jurisdiction; or
  - (2) any new law or regulation or any 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 or affecting Bermuda, Hong Kong, the PRC, the United States, any members of the European Union, Japan or any other relevant jurisdiction; or
  - (3) any event or series of events in the nature of *force majeure* (including, without limitation, any act of God, riot, public disorder, civil commotion, economic sanctions, government, fire, explosion, flood, war, terrorism (whether or not responsibility has been claimed), labour dispute, strike or lock-out) in or affecting Bermuda, Hong Kong, the PRC, the United States, any members of the European Union, Japan or any other relevant jurisdiction; or
  - (4) 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 wide-spread epidemic or political or social crisis in or affecting Bermuda, Hong Kong, the PRC, the United States, any members of the European Union, Japan or any other relevant jurisdiction; or
  - (5) (A) any suspension or limitation or trading 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 or the Tokyo Stock Exchange, or a disruption has occurred in securities settlement or clearance services or procedures in Bermuda, Hong Kong, the United States, the PRC, any

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members of the European Union, Japan or any other relevant jurisdiction; or (B) any general moratorium on commercial banking activities in New York, London, Hong Kong, Japan or the PRC declared by the relevant authorities, or material disruption in commercial banking activities or affecting Bermuda, Hong Kong, the PRC, the United States, any members of the European Union, Japan or any other relevant jurisdiction; or

- (6) any change or prospective change in the condition (financial or otherwise), or in the earnings, business affairs, business prospects or trading position of our Company or any of our subsidiaries, including any litigation or claim of any third party being threatened or instigated against our Company or any of our subsidiaries; or
- (7) 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
- (8) any change or development involving a prospective change in taxation, exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in Bermuda, Hong Kong, the PRC, the United States, any members of the European Union, Japan or any other relevant jurisdiction adversely affecting an investment in the Shares;

and which, in any such case and in the sole opinion of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters):

- (A) is or may be or is likely to be materially adverse to the business, financial or trading position or other condition or prospectus of our Company or the Group as a whole; or
- (B) has or may have or is likely to have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering, the Preferential Offering or the Global Offering to be performed or implemented as envisaged; or
- (C) makes or may make or is likely to make it inadvisable, inexpedient or impracticable to proceed with the Hong Kong Public Offering and/or, the Preferential Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus,

then the Joint Sponsors may, in their sole and absolute discretion and upon giving written notice to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

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### *Undertakings to the Stock Exchange pursuant to the Listing Rules*

#### *(A) Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the date on which our securities first commence dealing on the Stock Exchange (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except pursuant to the Capitalization Issue and the arrangements with our Call Option JVs' partners and Share Swap JV's partner as disclosed in this prospectus, the Global Offering (including the exercise of the Over-allotment Option and the options to be granted under the Share Option Scheme and Shares to be issued under the Pre-IPO Share Subscription Plan) or for the circumstances prescribed by Rule 10.08 of the Listing Rules.

#### *(B) Undertakings by the controlling shareholder*

Pursuant to Rule 10.07 of the Listing Rules, each of Yue Yuen and Major Focus, our controlling shareholder, has undertaken to the Stock Exchange that save as disclosed in this prospectus and except pursuant to the Global Offering (including the Over-allotment Option), it will not and shall procure that the relevant registered holder(s) will not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules:

- (1) in the period commencing on the date by reference to which disclosure of its shareholding is made in the prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange, 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 securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and
- (2) in the period of six months commencing on the date on which the period referred to in paragraph (1) 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 securities referred to in paragraph (1) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would then cease to be the Company's controlling shareholder for the purposes of the Listing Rules.

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Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of Yue Yuen and Major Focus has further undertaken to us and the Stock Exchange that within the period commencing on the date by reference to which disclosure of its shareholding is made in the prospectus to be issued by our Company and ending on the date which is 12 months from the date on which dealings in the securities of our Company commence on the Stock Exchange, it shall:

- (1) when it pledges or charges any securities of our Company beneficially owned by it in favor of any authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (2) when it receives indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our controlling shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of our controlling shareholders.

### *Undertakings pursuant to the Hong Kong Underwriting Agreement*

#### *(A) Undertakings by our Company*

Our Company has undertaken to the Sole Global Coordinator, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement that at any time from the date of the Hong Kong Underwriting Agreement until the expiry of six months from the Listing Date (the “First Six-month Period”), our Company will not without the prior written consent of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (1) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of our share capital or other securities of our Company or any interest therein (including, but not limited to, any securities convertible into, exercisable or exchangeable for, or that represent the right to receive any such share capital or securities or any interest therein), or
- (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein,

whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Capitalization Issue, the Global Offering (including pursuant to exercise of the Over-Allotment Option), the agreements with our Call

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Option JVs' partners and Share Swap JV's partner as disclosed in this prospectus, and the Shares to be granted under the Pre-IPO Share Subscription Plan and the options to be granted under the Share Option Scheme, and our Company further agrees that, in the event of an issue or disposal of any Shares or any interest therein after the First Six-month Period, our Company will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for our Shares.

(B) *Undertakings by the controlling shareholder*

Pursuant to the Hong Kong Underwriting Agreement, each of Yue Yuen and Major Focus, our controlling shareholders (as defined in the Listing Rules), undertakes to each of our Company, the Sole Global Coordinator, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters that save as disclosed in this prospectus and except pursuant to the stock borrowing agreement, it will not without the prior written consent of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (1) at any time during the First Six-month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by it (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) as of the Listing Date or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;
- (2) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the "Second Six-month Period"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by it (including, but not limited to, any securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) as at the Listing Date or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or

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announce any intention to do so if, immediately following such transaction, it would cease to be the controlling shareholder (as defined in the Listing Rules) of our Company; and

- (3) in the event of a disposal by it of any share capital or any interest therein during the Second Six-month Period, it will take all reasonable steps to ensure ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

### *(C) Undertaking by Mr. Huang, Sports Group and Jollyard*

Pursuant to the Hong Kong Underwriting Agreement, each of Mr. Huang, Sports Group and Jollyard undertakes to each of our Company, the Sole Global Coordinator, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters that save as disclosed in this prospectus, it will not without the prior written consent of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters) at any time during the First Six-month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by it (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) as of the Listing Date or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

### *Indemnity*

Our Company, Yue Yuen, Major Focus, Mr. Huang, Jollyard and Sports Group have agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

### *Hong Kong Underwriters' Interests in our 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 interests in our Company or any of our subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.



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### **International Offering**

#### *International Offering Agreement*

In connection with the International Offering, our Company expects to enter into the International Offering Agreement with, among others, the International Underwriters and the Joint Bookrunners. Under the International Offering Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally to purchase the International Offer Shares or procure purchases for the International Offer Shares being offered pursuant to the International Offering.

The International Offering Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Offering Agreement is not entered into, the Global Offering will not proceed. It is expected that pursuant to the International Offering Agreement, our Company will give undertakings similar to those being given pursuant to the Hong Kong Underwriting Agreement as described in the sub-section headed “— Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings” above.

Under the International Offering Agreement, our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Bookrunners on behalf of the International Underwriters at any time from the date of the International Offering Agreement until 30 days from the last day for the lodging of Application Forms under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 123,506,000 additional Shares, representing in aggregate not more than 15% of the number of Offer Shares initially available under the Global Offering. These additional Shares will be issued at the Offer Price and used to cover over-allocation, if any, in the International Offering.

It is expected that our controlling shareholder, Yue Yuen, will undertake to the International 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 our Company for a period similar to such undertakings given by it pursuant to the Hong Kong Underwriting Agreement, which is described in the sub-section headed “— Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings” above.

We and Yue Yuen will agree to indemnify the International Underwriters against certain liabilities, including liabilities under the US Securities Act.

#### **Underwriting Commission and Expenses**

The Hong Kong Underwriters will receive an aggregate underwriting and selling commission of 2.5% on the aggregate Offer Price payable for the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions. The International Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the International 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, pursuant to the Hong Kong Underwriting Agreement, we may, in our sole discretion, pay to the Joint Sponsors (for their respective accounts only) an additional incentive fee of up to 0.5% of the Offer Price multiplied

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by the total number of Offer Shares and shall inform the Joint Sponsors in writing prior to or at the pricing of the Offer Shares whether we intend to do so. The commission payable to the 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 Global Offering are currently estimated to be about HK\$182.4 million in aggregate (based on an Offer Price of HK\$3.34 per Share, being the midpoint of the stated range of the Offer Price between HK\$2.93 and HK\$3.75 per Share, and on the assumption that the Over-allotment Option is not exercised) and are to be borne by our Company.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant International Underwriters (but not the Hong Kong Underwriters).

### **Joint Sponsors' independence**

The listing of our Shares on the Main Board is sponsored by Merrill Lynch Far East Limited and Morgan Stanley Asia Limited.

Morgan Stanley Asia Limited has declared its independence from us pursuant to Rule 3A.08 of the Listing Rules that they are independent pursuant to Rule 3A.07 of the Listing Rules.

Merrill Lynch Far East Limited has been the financial advisor of Yue Yuen in relation to its proposed spin-off and separate Listing of our Company on the Main Board. Accordingly, Merrill Lynch Far East Limited is not considered independent pursuant to Rule 3A.07 of the Listing Rules.