

# UNDERWRITING

## UNDERWRITERS

### Hong Kong Underwriters

BNP Paribas Securities (Asia) Limited

CLSA Limited

*(the above names in alphabetical order)*

China International Capital Corporation Hong Kong Securities Limited

Morgan Stanley Asia Limited

ABCI Securities Company Limited

BOCI Asia Limited

CCB International Capital Limited

China Everbright Securities (HK) Limited

CMB International Capital Limited

DBS Asia Capital Limited

First Shanghai Securities Limited

Guotai Junan Securities (Hong Kong) Limited

Haitong International Securities Company Limited

ICBC International Securities Limited

SR Wealth Securities Limited

Pacific Foundation Securities Limited

## UNDERWRITING ARRANGEMENTS

### Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription, subject to the terms and conditions of this prospectus and the Application Forms relating thereto, at the Offer Price.

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Subject to, among other matters, the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and the Offer Price having been determined by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or prior to Thursday, October 4, 2018 or such other date or time as may be agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) but in any event not later than Wednesday, October 10, 2018, the Hong Kong Underwriters have severally agreed to subscribe for or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the Application Forms relating thereto, their respective applicable portions of the Hong Kong Offer Shares now being offered for subscription under the Hong Kong Public Offering and which are not taken up under the Hong Kong Public Offering subject to the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement. The Hong Kong Public Offer Shares are fully underwritten pursuant to the Hong Kong Underwriting Agreement.

### **Grounds for termination**

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice (orally or in writing) to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date if:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, the European Union (or any member thereof), or any other jurisdictions relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
  - (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
  - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

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- (iv) the imposition of any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or by other competent Authority), New York (imposed at Federal or New York State level or other competent Authority) or any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (vi) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent Authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in or affecting any of the Relevant Jurisdictions; or
- (viii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or
- (ix) 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
- (x) the chairman, chief executive officer or chief financial officer vacating his office; or
- (xi) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (xii) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including Shares to be allotted and issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xiii) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

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- (xv) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvi) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

which, individual or in the aggregate, in the sole opinion of the Joint Global Coordinators:

- (i) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or
  - (ii) has or will have or may have a material adverse effect on the success 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
  - (iii) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or
  - (iv) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Joint Global Coordinators:
- (i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements or communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue or incorrect in any respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms and/or any notices, announcements, advertisements or communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions as a whole; or

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- (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 a material omission from any of this prospectus, the Application Forms and/or in any notices or announcements issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (iii) any material 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 Hong Kong Underwriters or the International Underwriters); or
- (iv) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group; or
- (v) any event, act or omission which gives or is likely to give rise to any liability of any of the Company, Ms. Lu, Midea Development (BVI) pursuant to the indemnity provisions under the Hong Kong Underwriting Agreement; or
- (vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties contained in the Hong Kong Underwriting Agreement; or
- (vii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

### **Lock-up undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules**

#### *Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the share option scheme.

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### *Undertakings by our Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Hong Kong Stock Exchange and our Company that, except pursuant to the Global Offering and the Stock Borrowing Agreement, they shall not and shall procure the relevant registered holder(s) not to:

- (a) at any time in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of our Company in respect of which he/she/it is or they are shown by this prospectus to be the beneficial owner(s); or
- (b) at any time in the period of six months commencing on the date on which the period referred to in Rule 10.07(1)(a) of the Listing Rules 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 Rule 10.07(1)(a) of the Listing Rules if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) and/or a group of controlling shareholders (as defined in the Listing Rules) of our Company, as the case may be.

According to Note (2) to Rule 10.07(2) of the Listing Rules, nothing in this rule shall prevent a controlling shareholder from using securities of the issuer beneficially owned by him as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan.

Our Controlling Shareholders have further undertaken to us and the Hong Kong Stock Exchange that he or she or it will, within a period of commencing on the date by reference to which disclosure of his or her or its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders, whether directly or indirectly, in favor of any authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such Shares or other securities of our Company so pledged or charged; and
- (b) when he or she or it or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Our Company will inform the Hong Kong Stock Exchange as soon as it is informed of the above matters 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.

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### Undertakings pursuant to the Hong Kong Underwriting Agreement

#### *Undertakings by our Company*

Pursuant to the Hong Kong Underwriting Agreement, except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares; or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a) or (b) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of Midea Development (BVI) and Ms. Lu undertakes to each of Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters to procure the Company to comply with the above undertakings.

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Each of our Company, Midea Development (BVI) and Ms. Lu has agreed and undertaken that she/it will not, and each of Midea Development (BVI) and Ms. Lu further undertakes to procure our Company will not, effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below the percentage of public float as prescribed in the Listing Rules on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

### *Undertakings by our Controlling Shareholders*

Pursuant to the Hong Kong Underwriting Agreement, each of Midea Development (BVI) and Ms. Lu has undertaken to each of the Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the transaction in respect of such Shares or other securities will be completed within the First Six-Month Period);
- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraphs (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it together with other Controlling Shareholders will cease to be the “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and



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- (c) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in sub-paragraphs (i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

### **Indemnity**

Each of our Company, Midea Development (BVI) and Ms. Lu has agreed to jointly and severally indemnify, among others, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach of our Company, Midea Development (BVI) and Ms. Lu of the Hong Kong Underwriting Agreement.

### **International Underwriting Agreement**

In connection with the International Offering, it is expected that our Company, Midea Development (BVI) and Ms. Lu will enter into the International Underwriting Agreement with the Joint Global Coordinators, the Joint Sponsors, and the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions set out therein, agree to subscribe for or procure subscribers to subscribe for the International Offering Shares. It is expected that upon the entering into the International Underwriting Agreement, the International Offering will be fully underwritten. It is also expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement.

### **Commission and expenses**

It is expected that the Underwriters will receive an underwriting commission equal to 2% on the aggregate Offer Price of all the Offer Shares. The Company may, in addition, pay incentive fee at the Company's sole discretion.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead paid, at the rate applicable to the International Offering, to the relevant International Underwriter.

The Joint Sponsors will receive sponsor fee. The underwriting commission, sponsor fee, Hong Kong Stock Exchange listing fees and trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expenses relating to the Global Offering are estimated to amount to approximately RMB133.5 million in total (based on an Offer Price of HK\$19.25 per Share, being the mid-point of the indicative Offer Price range of between HK\$17.00 and HK\$21.50 per Share, and on the assumption that the Over-allotment Option is not exercised).

### **Independence of the Joint Sponsors**

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

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### **Underwriters' interests in our Company**

As at the Latest Practicable Date and save as disclosed in this prospectus and other than pursuant to the Underwriting Agreements, none of the Hong Kong Underwriters was interested, directly or indirectly, in any shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of our Group.

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 and the International Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the International Underwriting Agreement.

### **Minimum Public Float**

Our Directors will ensure that there will be a minimum 15.25% of the total issued shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.