

## UNDERWRITING

### HONG KONG UNDERWRITERS

#### Joint Lead Managers

Merrill Lynch Far East Limited  
Guotai Junan Securities (Hong Kong) Limited  
China Merchants Securities (HK) Co., Limited  
First Shanghai Securities Limited

#### Co-Managers

China Everbright Securities (HK) Limited  
Great Roc Capital Securities Limited  
Yuanta Securities (Hong Kong) Company Limited

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 25,000,000 Hong Kong Offer Shares and the International Offering of initially 225,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section entitled "Structure of the Global Offering."

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### The Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting 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 (including the Joint Global Coordinators (on behalf of the Underwriters) and the Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

## UNDERWRITING

### **Grounds for termination**

If, at any time prior to 8:00 a.m. on the Force Majeure Expiry Date:

- (a) there has been a breach of any of the warranties or there has been a breach by the Company or Fantasia Holdings of any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the prospectus, result in a material misstatement in, or constitute a material omission from, any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement), this prospectus, the Application Forms and/or in any announcements and notices issued by the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment respectively thereto); or
- (c) any statement contained in any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement), this prospectus, the Application Forms, the Formal Notice and/or in any announcements and notices issued by the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment respectively thereto) was, when it was issued, or has become, untrue, incorrect in material respect or misleading in any respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms and/or any announcements, issued by the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment respectively thereto) is not fair, honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
- (d) there shall have occurred any event, act or omission which gives or is likely to give rise to any material liability of any of the Company or the Controlling Shareholder pursuant to the indemnities under the Hong Kong Underwriting Agreement; or
- (e) there shall have been any material adverse change or development involving a prospective material adverse change in the assets, liabilities, conditions, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, condition or position, financial or otherwise, or performance, of the Group as a whole; or
- (f) the Company withdraws this prospectus (and/or any other documents used in connection with the offering and subscription of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (g) any non-compliance of the prospectus (or any other documents used in connection with the contemplated offering, allotment, issue or subscription of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law which is material in the context of the Global Offering; or
- (h) there is an order or petition for the winding up of any member of the Group with substantive business operations or any composition or arrangement made by any such member of the Group with its creditors or a scheme of arrangement entered into by any such member of the Group or any resolution for the winding up of any such 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 such member of the Group or anything analogous thereto occurring in respect of any such member of the Group; or

## UNDERWRITING

- (i) any Director (other than Independent Non-Executive 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
- (j) any authority or political body or organisation in any relevant jurisdiction commencing any actions, suits, claims (whether or not any such claim involves or results in any actions or proceedings), demands, investigations, judgment, awards and proceedings, joint or several, from time to time instituted, made or brought or threatened or alleged to be instituted, made or brought against or otherwise involve (together the “**Actions**”), or announcing an intention to take any Action, against any Director; or
- (k) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (l) the chairman or chief executive officer of the Company or any executive Director vacating his office; or
- (m) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of options that are granted under the Share Option Scheme) 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
- (n) any expert named in this prospectus having withdrawn its consent to the issue of or inclusion of their name in this prospectus; or
- (o) other than with the approval of the Joint Global Coordinators, the Company is required to produce or issue a supplement or amendment to the 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
- (p) there shall have developed, occurred, happened or come into effect any event or series of events, matters or circumstances concerning or relating to:
  - (i) any change or development involving a prospective change, or any event or series of events likely to result in any change in, local, national or international financial, political, economic, military, industrial, fiscal, regulatory, currency, credit or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the Cayman Islands, the US, the United Kingdom, Japan, the PRC, Singapore, any member of the European Union (each a “**Relevant Jurisdiction**”); or
  - (ii) any new law or any 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 or affecting any Relevant Jurisdiction; or

## UNDERWRITING

- (iii) any change or development involving a prospective change in, or any event or series of events likely to result in, or the materialisation of any of the risks set out in the section headed “Risk Factors” of this prospectus; or
- (iv) any event or series of events, in the nature of force majeure affecting any Relevant Jurisdiction including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, volcanic eruptions, earthquake, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike, lock-out (whether or not covered by insurance), accident or interruption or delay in transportation; or
- (v) the imposition of any moratorium, suspension, disruption or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange or the Tokyo Stock Exchange or any suspension of trading of any of the securities of the Company on any exchange or over-the-counter market or any major disruption of any securities settlement or clearing services in any Relevant Jurisdiction or on commercial banking activities, foreign exchange, trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction, due to exceptional financial circumstances or otherwise; or
- (vi) a change or development involving a prospective change in taxation, exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including without limitation a material devaluation of the Hong Kong dollar, the Euro, the Japanese yen, the Renminbi, the United States dollar or the British pound sterling against any foreign currencies and any disruptions in monetary, trading or securities settlement or clearance services, procedures or matters) in or affecting any Relevant Jurisdiction; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly by, or for any of the Relevant Jurisdictions (or member thereof) on the PRC; or
- (viii) any Action of any third party being threatened or instigated against any Group Company; or
- (ix) any litigation or claim of any third party being threatened or instigated against any member of the Group;
- (x) any contravention by any member of the Group of the Listing Rules or any applicable laws,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- A. is or will be, or is likely to result in a material adverse change; or
- B. has or will have or is likely to have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares or dealings in the Shares in the secondary market; or

## UNDERWRITING

- C. makes it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Preferential Offering and/or the International Offering and/or the Cornerstone Placing on the terms and in the manner contemplated in the Offer Documents (as defined in the Hong Kong Underwriting Agreement); or
- D. has or will or is likely to 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,

then the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute discretion, may, upon giving notice to the Company on or prior to 8:00 a.m. on the Force Majeure Expiry Date, terminate this Agreement with immediate effect.

### Undertakings

#### *By the Company*

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement 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, pursuant to the exercise of any options that may be granted under the Share Option Scheme or in certain circumstances as prescribed under Rule 10.08 of the Listing Rules.

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that we will, except pursuant to the Reorganization and the Global Offering and the options that may be granted under the Share Option Scheme, not without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (the “**First Six-Month Period**”):
  - (I) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, 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 contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly (through a chain of companies or otherwise), conditionally or unconditionally, any Shares or any 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 subscribe for or purchase, any Shares of the Company), or deposit any Shares or any other equity securities of the Company with a depositary in connection with the issue of depositary receipts; or

## UNDERWRITING

- (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 any 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 subscribe for or purchase, any Shares of the Company); or
- (III) enter into any transaction with the same economic effect as any transaction described in paragraphs (I) or (II) above; or
- (IV) offer to or agree to, or announce any intention to enter into, any transaction described in paragraphs (I), (II) or (III) above,

whether any such transaction described in paragraphs (I) or (II) or (III) above is to be settled by delivery of Shares or such other equity securities of the Company, as applicable, or in cash or otherwise (whether or not the allotment or issue of Shares or such other securities of the Company, as applicable, will be completed within the First Six-Month Period); and

- (b) enter into any of the foregoing transactions in paragraphs (a)(I), (II) and (III) above, or offer to or agree to or announce any intention to enter into any such transaction, such that Fantasia Holdings would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company during the six-month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”); and
- (c) in the event that, at any time during the Second Six-Month Period, the Company enters into any of the transactions specified in paragraph (a) 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 any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of the Company. Fantasia Holdings has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Hong Kong Underwriters and each of them to procure the Company to comply with the above undertakings.

### ***By each of our Controlling Shareholders***

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders namely Fantasia Holdings, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby is subject to certain restrictions in respect of, and has given certain undertakings to the Hong Kong Stock Exchange and our Company with respect to, the disposal of Shares of which it is the beneficial owner. See “Underwriting — Underwriting Arrangements and Expenses — Undertakings.”

Fantasia Holdings has, pursuant to the Hong Kong Underwriting Agreement, agreed and undertaken to the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters and each of them that without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) during the First Six-Month Period:
  - (I) it will not 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

## UNDERWRITING

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 any 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 any other securities of the Company) held by it as of the date of the Hong Kong Underwriting Agreement; 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 such capital or securities or any interest therein; or
- (III) enter into any transaction with the same economic effect as any transaction described in (I) or (II) above; or
- (IV) offer to or agree to, or announce any intention to enter into, any transaction described in (I) or (II) or (III) above,

whether any such transaction described in (I) or (II) or (III) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the First Six-Month Period); and

- (b) during the Second Six-Month Period, it will not enter into any of the foregoing transactions in paragraphs (a)(I) or (II) or (III) above or offer to or agree to or announce any intention to enter into any such transactions 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, Fantasia Holdings will cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the foregoing transactions in paragraphs (a)(I) or (II) or (III) above or offers to or agrees to, or announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of the Company.

Subject to the above undertakings, Fantasia Holdings has agreed and undertaken to the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, if at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve months from the Listing Date, it shall (i) if and when it pledges or charges any securities or interests in the securities of the Company beneficially owned by it, immediately inform the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) in writing of such pledge or charge together with the number of securities so pledged or charged; and (ii) if and when it receives indications, either 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 disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications. The Company has agreed and undertaken that upon receiving such information in writing from the Controlling Shareholder, it shall, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information by way of announcement.

## UNDERWRITING

### ***Indemnity***

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

### ***Hong Kong Underwriters' interests in the Company***

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

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.

### **The International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

#### **Commissions and Expenses and Joint Sponsors' Fee**

We will pay the Hong Kong Underwriters a commission of 3% of the aggregate Offer Price in respect of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

For 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 be paid, at the rate applicable to the International Offering, to the Joint Global Coordinators and the relevant International Underwriters. In addition, we may at our sole discretion pay an incentive fee of such amount determined by us in our sole discretion to any or all of the Joint Bookrunners.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$98.2 million (assuming an Offer Price of HK\$3.95 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and the full payment of the discretionary incentive fee), are payable and borne by the Company.

An aggregate amount of approximately HK\$19.1 million is payable by the Company as Sponsor fees to the Joint Sponsors.

#### **INDEPENDENCE OF THE JOINT SPONSORS**

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.



## UNDERWRITING

### ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.