

## UNDERWRITERS

CM-CCS, Quest Stockbrokers (HK) Limited, Tai Fook Securities Company Limited, CSC Securities (HK) Limited, Crosby Limited, Quam Securities Company Limited, Chun Yick Securities Limited, Asia Investment Capital, First Asia Finance Group Limited, Sanfull Securities Limited, DL Brokerage Limited, Hong Tong Hai Securities Limited and Partners Capital International Limited.

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Underwriting agreement

Pursuant to the Underwriting Agreement, the Company is offering the Placing Shares for subscription by way of Placing, on and subject to terms and conditions of the Prospectus at the Issue Price. The Company is also offering the Public Offer Shares for subscription by members of the public in Hong Kong subject to the terms and conditions of this prospectus and the Application Forms at the Issue Price.

Subject to the GEM Listing Committee granting listing of and permission to deal in the Shares in issue and to be issued as mentioned herein, and to certain other conditions as set out in the Underwriting Agreement, the Underwriters have agreed severally to subscribe or procure subscribers, on the terms and conditions of this prospectus and the Application Forms, for their respective applicable proportions of the New Shares initially being offered and which are not taken under the New Issue.

### Grounds for termination

The obligations of the Underwriters to subscribe or procure subscribers for the Shares under the New Issue will be subject to termination by notice in writing from the Sponsor (on behalf of the Lead Manager and the Underwriters) if any of the following events occur prior to 9:00 a.m. (Hong Kong time) on the Despatch Date:

1. If there develops, occurs or comes into force:
  - (A) any event, or series of events (including, without limitation, matters or circumstances concerning or relating to acts of government, strikes, lock-outs, fire, explosion, flood, civil commotion, acts of war or terrorism, acts of God, interruption or delay in transportation); or
  - (B) any change in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory, market conditions or sentiments and matters and/or disasters (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange) in Hong Kong, the PRC or any other relevant jurisdiction; or
  - (C) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, or any other jurisdiction relevant to the Company; or
  - (D) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the PRC, or any other relevant jurisdiction; or

- (E) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the US or by the European Union (or any member thereof) on PRC; or
- (F) any litigation or claim of material importance of any third party being threatened or instigated against the Company,

which will or may, in the sole and absolute opinion of the Sponsor (on behalf of the Lead Manager and the Underwriters), be materially adverse to or materially affect business, financial or other conditions or prospects of the Group and/or the New Issue or the success thereof or which makes it inadvisable or inexpedient to proceed with the New Issue.

2. If there has come to the notice of the Sponsor:

- (A) that any statement, considered by the Sponsor (on behalf of the Lead Manager and the Underwriters) in its sole and absolute opinion to be material, contained in this prospectus was when the prospectus was issued, or has become, untrue, incorrect or misleading in any respect; or
- (B) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sponsor (on behalf of the Lead Manager and the Underwriters) in its sole and absolute opinion to be material; or
- (C) any breach of any of the obligations imposed upon any party to the Underwriting Agreement (other than on any of the Underwriters or the Sponsor); or
- (D) any adverse change in the business or in the financial or trading position of the Company which is material in the sole and absolute opinion of the Sponsor (on behalf of the Lead Manager and the Underwriters) in the context of the New Issue; or
- (E) any event, act or omission which gives or is likely to give rise to any material liability of any of the Company, or the executive Director pursuant to the indemnities contained in the Underwriting Agreement; or
- (F) any breach, considered by the Sponsor (on behalf of the Lead Manager and the Underwriters) in its sole and absolute opinion to be material, of the representations, warranties and undertakings given by the Company, or the executive Director contained in the Underwriting Agreement.

Each of the Initial Management Shareholders has undertaken to the Stock Exchange, the Company, the Sponsor, the Lead Manager and the Underwriters that, save as permitted under the GEM Listing Rules and subject to the provisions of the Underwriting Agreement (where applicable), he/it shall not, and shall procure that none of his/its associates, nominees or trustees holding in trust for him/it shall, during a period of 12 months immediately following the Listing Date; (a) sell, transfer or otherwise dispose of or create any rights (including but not limited to the creation of any options, rights or interests or entering into any swap agreements or other arrangements that transfers or otherwise disposes of, in whole or in part, any of the economic consequence of ownership of Shares) in respect of any of the Shares beneficially owned by him/it or his/its associates, nominees or trustees after the completion of the New Issue and the Capitalization Issue; or (b) sell, transfer or otherwise dispose of any interest (or enter into an

agreement to do any of the foregoing) in any shares in any company controlled by any of them which is directly, or through another company indirectly, the beneficial owner of any of the Shares.

Each of the Initial Management Shareholders has further undertaken to the Company, the Sponsor, the Lead Manager, the Underwriters and the Stock Exchange that during the period of 12 months immediately following the Listing Date; (a) if he/it pledges or charges any interests in the relevant securities (as defined in the GEM Listing Rules), he/it shall give prior written notice to the Company and the Lead Manager of such pledges or charges together with the number of securities so pledged or charged, the purpose for which the pledge or charge is made and such other relevant details as the Company or Lead Manager may reasonably require; (b) when he/it receives indications, either oral or written, from the pledgee or chargee that any relevant securities (as defined in the GEM Listing Rules) pledged or charged by him or it will be or has been disposed of, he/it will immediately inform the Company and the Lead Manager in writing of such indications of disposal; and (c) that he/it will place his/its Shares in escrow, with an escrow agent on terms acceptable to the Stock Exchange.

Each of the Significant Shareholders has undertaken to the Stock Exchange, the Company, the Sponsor, the Lead Manager and the Underwriters that, save as permitted under the GEM Listing Rules and subject to the provisions of the Underwriting Agreement, he/it shall not, and shall procure that none of his/its associates, nominees or trustees holding in trust for him/it shall, during a period of 12 months immediately following the Listing Date; (a) sell, transfer or otherwise dispose of or create any rights (including but not limited to the creation of any options, rights or interests or entering into any swap agreements or other arrangements that transfers or otherwise disposes of, in whole or in part, any of the economic consequence of ownership of Shares) in respect of any of the Shares beneficially owned by him/it or his/its associates, nominees or trustees after the completion of the New Issue and the Capitalization Issue; or (b) sell, transfer or otherwise dispose of any interest (or enter into an agreement to do any of the foregoing) in any shares in any company controlled by any of them which is directly, or through another company indirectly, the beneficial owner of any of the Shares.

Each of the Significant Shareholders has further undertaken to the Company, the Sponsor, the Lead Manager, the Underwriters and the Stock Exchange that during the period of 12 months immediately following the Listing Date; (a) if he/it pledges or charges any interests in the relevant securities (as defined in the GEM Listing Rules), he/it shall give prior written notice to the Company and the Lead Manager of such pledges or charges together with the number of securities so pledged or charged, the purpose for which the pledge or charge is made and such other relevant details as the Company or Lead Manager may reasonably require; (b) when he/it receives indications, either oral or written, from the pledgee or chargee that any relevant securities (as defined in the GEM Listing Rules) pledged or charged by him or it will be or has been disposed of, he/it will immediately inform the Company and the Lead Manager in writing of such indications of disposal; and (c) that he/it will place his/its Shares in escrow, with an escrow agent on terms acceptable to the Stock Exchange.

### **Commission and expenses**

The Underwriters will receive a commission of 3.75% of the aggregate Issue Price of all the Shares under the New Issue, out of which they will pay any sub-underwriting commission, and the Sponsor will in addition receive a financial advisory fee and a documentation fee in relation to the New Issue. Such fees and commission, together with the GEM listing fees, brokerage, the Stock Exchange trading fee, SFC

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## UNDERWRITING

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transaction levy and investor compensation levy, legal and other professional fees, printing and other expenses relating to the New Issue are estimated to be approximately HK\$13 million and are to be borne by the Company.

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

Save as provided for under the Underwriting Agreement and disclosed otherwise in this prospectus, none of the Underwriters has any shareholding interests in the Company nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares.