
UNDERWRITING

UNDERWRITERS

Evolution Watterson
Cheong Lee Securities Limited
China Merchants Securities (HK) Co., Limited
Partners Capital Securities Limited
TSC Capital Limited

THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, our Company and the Vendor are respectively offering the Placing Shares at the Placing Price for placing and sale to professional and institutional and private investors at the Placing Price subject to the terms and conditions of this Prospectus. Subject to, among other matters, the Listing Division of the Stock Exchange granting listing of and permission to deal in the Shares and any Shares which may fall to be issued upon the exercise of any options granted under the Share Option Scheme, and to the satisfaction of certain other conditions set out in the Underwriting Agreement, the Underwriters have severally agreed to subscribe or purchase or procure subscribers or purchasers for the Placing Shares, subject to the terms and conditions of this Prospectus and the Underwriting Agreement.

GROUND FOR TERMINATION

The obligations of the Underwriters under the Underwriting Agreement to subscribe and/or purchase and procure applicants for the subscription and/or purchase of, the Placing Shares, are subject to termination by the Lead Manager (acting on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date (the "Termination Time"). The grounds for termination include, inter alia, circumstances where there has come to the notice of the Lead Manager in its sole opinion (acting on behalf of the Underwriters) prior to the Termination Time that:

- (a) there shall develop, occur or come into effect:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the absolute opinion of the Lead Manager on behalf of the Underwriters have or may have a material adverse effect on the business or financial conditions or prospects of our Group taken as a whole; or
 - (ii) any material change in Hong Kong, the PRC, national, regional or international financial, political, military, industrial or economic conditions or prospects; or
 - (iii) any material change in the conditions of the Hong Kong or international securities markets (or in conditions affecting a sector only of such market) including, for the avoidance of doubt, any significant adverse change in the index level or volume of turnover of any such markets; or

UNDERWRITING

- (iv) without prejudice to sub-paragraph (ii) or (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (v) a change or development involving a prospective change in Hong Kong, the BVI, the PRC or other jurisdiction in taxation or exchange controls which will or can reasonably be expected to materially and adversely affect our Group as a whole or the present or prospective shareholders of our Company in their capacity as such; or
- (vi) the imposition of economic sanctions, withdrawal of trading privileges, embargo, restraint or prohibition of import and export, in whatever form, by the US or the European Union (or any member thereof) on Hong Kong or the PRC; or
- (vii) any event, or series of events, beyond the reasonable control of the Underwriters (including without limitation, acts of government, strikes, riots, public disorder, terrorist strike, epidemic, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, accident or interruption)

and any such event, in the absolute opinion of the Lead Manager (on behalf of the Underwriters), has or may have a material adverse effect on the success of the Placing, or makes it inadvisable or inexpedient to proceed with the Placing; or

- (b) there comes to the notice of the Sponsor, the Lead Manager and/or the Underwriters any matter or event showing any of the representations and warranties contained in the Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Lead Manager (on behalf of the Underwriters) to be material or showing any of the undertakings contained in the Underwriting Agreement or other obligations or undertakings expressed to be assumed by or imposed on our Company, the Vendor, the Controlling Shareholder and the executive Directors under the Underwriting Agreement not to have been complied with in any respect considered by the Lead Manager to be material; or
- (c) any material statement contained in this Prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect; or
- (d) matters have arisen or have been discovered which would, if this Prospectus was to be issued at that time, constitute a material omission therefrom; or
- (e) there is any material adverse change in the business or in the financial or trading position or prospects of any member of our Group which in the absolute opinion of the Lead Manager (on behalf of the Underwriters) is material in the context of the Placing.

UNDERWRITING

UNDERTAKINGS

Under the Underwriting Agreement,

- (a) each of the Controlling Shareholders severally undertakes to, and covenants with, our Company, the Stock Exchange, the Sponsor, the Lead Manager and the Underwriters:–
 - (i) that, he or it, being the Controlling Shareholder, will not, save as provided in rule 13.18 of the GEM Listing Rules and the sale of the Sale Shares,
 - (1) in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholder is made in the Prospectus and ending on the date which is 6 months from the Listing Date (the “Lock-up Period”), 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 is or they are shown by the Prospectus to be the beneficial owner(s); or
 - (2) in the period of six months commencing on the date on which the Lock-up Period referred to in sub-paragraph (i)(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 sub-paragraph (i)(1) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the person or group of persons would cease to be a controlling shareholder (as defined in the GEM Listing Rules);
 - (ii) that when he or it pledges or charges any direct or indirect interest in the relevant securities under Rule 13.18(1) or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in sub-paragraphs (i)(1) and (2) above, he or it must pursuant to Rule 13.19 of the GEM Listing Rules inform our Company in writing immediately thereafter, disclosing the details as specified in the GEM Listing Rules; and
 - (iii) that in the event of his or its having pledged or charged any of his or its interests in the relevant securities under Clause (ii) above then when he or she or it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest, he or it will pursuant to Rule 13.19 of the GEM Listing Rules immediately inform our Company of such indications and the number of the Shares affected.
- (b) each of the Controlling Shareholders severally undertakes to and covenants with our Company, the Sponsor, the Lead Manager and the Underwriters (i) that in the event that he/it disposes of his/its relevant securities after expiry of the period

UNDERWRITING

referred to in sub-clause (a) above, all reasonable steps will be taken to ensure that such disposal will not create a false or disorderly market in the Shares; and (ii) that he or it will comply with all the restrictions and requirements under the GEM Listing Rules on the sale, transfer or disposal by him or it or by the registered holder controlled by him or it of any Shares.

We undertake to and covenant with the Sponsor, the Lead Manager and the Underwriters that, and each of the Controlling Shareholders and the executive Directors undertakes and covenants with the Sponsor, the Lead Manager and the Underwriters to procure that, without the prior written consent of the Lead Manager on behalf of the Underwriters (such consent not to be unreasonably withheld or delayed), we will not, save pursuant to the Placing, the grant of option under the Share Option Scheme, the issue of Shares pursuant to the Capitalization Issue or the exercise of any option granted under the Share Option Scheme or any capitalization issue or any consolidation, sub-division or capital reduction of Shares or by way of scrip dividend schemes or other similar schemes in accordance with the articles of association of our Company and the GEM Listing Rules: (a) within the period of six months from the Listing Date, issue or agree to issue any shares or any other securities in our Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, Shares or any other securities of our Company; and (b) at any time during the period of six months from the expiry of the six-month period referred to in (a) above, unless permitted by the GEM Listing Rules, issue any share or securities in our Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into or exchange for Shares or securities in our Company so as to result in the Controlling Shareholders either individually or taken together with the others of them cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company.

COMMISSION AND EXPENSES

The Underwriters will receive a commission of 2.5% on the aggregate Placing Price of all the Placing Shares now being offered, out of which they will, as the case may be, pay any sub-underwriting commissions and selling concession. The Sponsor will, in addition, receive a documentation fee. The underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Placing are estimated to approximately HK\$10.8 million of which the Vendor and our Company shall bear such fees in the proportion of approximately 33.3% to 66.7% respectively. The Vendor shall be solely responsible for any fixed transfer duty, ad valorem seller's stamp duty and any other duty of whatever nature payable in respect of the sale and transfer of the Sale Shares, where applicable.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as provided for under the Underwriting Agreement and disclosed otherwise herein this Prospectus, none of the Underwriters has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.