

---

## UNDERWRITING

---

### UNDERWRITERS

#### Sole Lead Manager

Guotai Junan Securities (Hong Kong) Limited

#### Underwriters

Ever-Long Securities Company Limited  
Hong Kong International Securities Limited

### UNDERWRITING ARRANGEMENTS

#### The Underwriting Agreement

In connection with the Placing, our Company had entered into the Underwriting Agreement, among other parties, with the Underwriters. Under the Underwriting Agreement, subject to the terms and conditions set out therein, the Underwriters would severally agree to procure subscribers for, or failing which, to themselves subscribe as principal for, the Placing Shares being offered pursuant to the Placing. The Underwriting Agreement is subject to various conditions, among others, the Stock Exchange granting listing of, and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the Capitalisation Issue, the exercise of the Offer Size Adjustment Option or any options granted under the Share Option Scheme). The Underwriting Agreement may be terminated for the reasons set out in “Grounds for termination” in this section. Potential investors should be reminded that in the event that the Sole Lead Manager exercises its termination rights as referred to below, the Placing will not proceed.

#### *Grounds for Termination*

The obligations of the Underwriters to subscribe or procure subscriptions for the Placing Shares under the Underwriting Agreement are subject to termination if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (1) there has come to the notice of the Sole Lead Manager or any Underwriters or the Sole Lead Manager or the Underwriters have reasonable cause to believe:
  - (a) that any statement contained in this prospectus in relation to the Placing, considered by the Sole Lead Manager in its sole and absolute discretion, was when the same was issued, or has become untrue, incorrect or misleading in any material 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 Sole Lead Manager in its sole and absolute discretion to be material to the Placing; or

---

## UNDERWRITING

---

- (c) any breach of any of the material obligations imposed upon any party to the Underwriting Agreement (other than on the Sole Sponsor, the Sole Lead Manager and the Underwriters) as determined by the Sole Lead Manager in its sole and absolute discretion; or
  - (d) any material adverse change or development involving a prospective change in the conditions, business affairs, prospects or the financial or trading position of the Group as a whole; or
  - (e) any material breach, as determined by the Sole Lead Manager in its sole and absolute discretion, of any of the warranties under the Underwriting Agreement; or
  - (f) any of the warranties under the Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or repeated as determined by the Sole Lead Manager in its sole and absolute discretion;
- (2) there shall develop, occur, exist, continue to exist or come into effect:
- (a) any event, or series of events, beyond the control of the Sole Lead Manager or the Underwriters (including, without limitation, acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, war, threat of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS, avian influenza and such related/mutated forms or interruption or delay in transportation); or
  - (b) any change or development involving a prospective change, or any event or series of events currently in existence or otherwise, likely to result in any material adverse change or development (whether or not permanent), in local, national, regional or international, financial, economic, currency, legal, exchange control, political, military, industrial, fiscal, regulatory or market or other conditions, circumstances or matters and/or disaster or any monetary or trading settlement systems (including any moratorium or suspension on or material restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Market, the London Stock Exchange or any of the stock exchanges in the PRC, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency or any interruption in securities settlement or clearance service or procedures in Hong Kong or anywhere in the world); or
  - (c) any new law, policy, directive or regulation or change (whether or not forming part of a series of changes) or development in existing laws, policy, directive or regulations or in the interpretation or application thereof by any court or any government authority or other competent authority in Hong Kong or any other jurisdictions relevant to any member of the Group (the “**Specific Jurisdictions**”); or

---

## UNDERWRITING

---

- (d) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by or for the United States or by the European Union (or any member thereof) or any other country or organisation on Hong Kong, the PRC, the United States or any of the Specific Jurisdictions; or
- (e) a change or development occurs involving a prospective change in taxation or currency exchange control (or the implementation of any exchange control) or foreign investment regulations in Hong Kong, the PRC, the United States or any of the Specific Jurisdictions; or
- (f) 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
- (g) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or
- (h) a demand by any creditor for repayment or payment of any material indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (i) any material loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (j) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (k) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or the PRC or the Specific Jurisdiction; or
- (l) 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 crisis involving or affecting Hong Kong, the PRC, the Cayman Islands, the BVI or any Specific Jurisdictions; or
- (m) there is a change in the system under which the value of the HK\$ is linked to that of the USD or the peg of RMB to a basket of currencies including USD; or

---

## UNDERWRITING

---

- (n) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the executive Directors and the Controlling Shareholders pursuant to the indemnity contained in the Underwriting Agreement,

which in the sole and absolute opinion of the Sole Lead Manager (for itself and on behalf of the Underwriters) (1) is or will have or could be expected to have a material adverse effect on the business, financial, trading or other condition or prospects of the Group; or (2) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Placing or the level of interest under the Placing; or (3) is or will or may make it inadvisable, inexpedient or impracticable or not commercially viable (i) for the Placing to proceed; or (ii) for any material part of this Agreement to be performed or implemented as envisaged.

### UNDERTAKINGS PURSUANT TO THE UNDERWRITING AGREEMENT

#### By our Company

Pursuant to the Underwriting Agreement, our Company has undertaken to the Sole Sponsor, the Sole Lead Manager and the Underwriters that it will, among other things, that:

- (a) except pursuant to the Placing, the Capitalisation Issue, the exercise of the Offer Size Adjustment Option or to the options that may be granted under the Share Option Scheme, not without the prior written consent of the Sole Sponsor and the Sole Lead Manager (on behalf of the Underwriters), and subject always to the provisions of the GEM Listing Rules, offer, allot, issue or sell, or agree to offer, allot, issue or sell (conditionally or unconditionally) any Shares or securities convertible into or exchangeable for equity securities of the Company (whether or not of a class already listed), grant or agree to grant (conditionally or unconditionally) any option, warrant or other rights carrying the rights to subscribe for or otherwise acquire or convertible or exchangeable into Shares or other securities of the Company (whether or not of a class already listed), or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction at any time during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”);

---

## UNDERWRITING

---

- (b) not at any time during the First Six-Month Period, issue, or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing or announce any intention to enter into or effect any such transaction, except pursuant to the Placing, the Capitalisation Issue or the exercise of the subscription rights attaching to the Offer Size Adjustment Option or to the options that may be granted under the Share Option Scheme;
  
- (c) not at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires (the “**Second Six-Month Period**”), do any of the acts set out in paragraphs (a) and (b) above or repurchase or agree to repurchase any Shares or securities of our Company, such that any of the Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules);
  
- (d) in the event that our Company does any of the acts set out in paragraphs (a) or (b) above, after the expiry of the First Six-Month Period or the Second Six-Month Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

### **By the Controlling Shareholders**

Each of the Controlling Shareholders has undertaken to the Sole Sponsor, the Sole Lead Manager (for itself and on behalf of the Underwriters), the Underwriters and our Company that:

- (a) he or it shall comply with all the applicable restrictions and requirements under the GEM Listing Rules on the disposal by him or it or by any registered holder on his or its behalf, of any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or other securities of our Company in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly);
  
- (b) neither him or it nor any of their respective associates (as defined in the GEM Listing Rules) or companies controlled by him or it has any present intention of disposing of any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or other securities of our Company in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) (or any beneficial interest therein);

---

## UNDERWRITING

---

- (c) he or it shall not, without the prior written consent of our Company, the Sole Sponsor and the Sole Lead Manager, on behalf of the Underwriters, directly or indirectly, and shall procure that none of his or its associates (as defined in the GEM Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of or enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or encumbrances (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) on any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities at any time during the First Six-Month Period and subject always to compliance with the provisions of the GEM Listing Rules, and in the event of a disposal of any Shares or such securities or any interest therein at any time during the Second Six-Month Period, he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of the Company or any interest therein.
- (d) during the Second Six-Month Period, he or it will not enter into any of the transactions specified in paragraph (c) above if, immediately following such transfer or disposal, he or it will cease to be a controlling shareholder (as the term is defined in the GEM Listing Rules) of our Company; and
- (e) until the expiry of the Second Six-Month Period, in the event that it enters into any such transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Without prejudice to the above, each of the Controlling Shareholders has undertaken to the Sole Sponsor, the Sole Lead Manager (for itself and on behalf of the Underwriters), the other Underwriters and our Company that within the First Six-Month Period and the Second Six-Month Period he or it shall:

- (a) if and when he or it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him or it (or any beneficial interest therein), immediately inform our Company, the Sole Sponsor and the Sole Lead Manager in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

---

## **UNDERWRITING**

---

- (b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sole Sponsor and the Sole Lead Manager in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the GEM Listing Rules.

### **COMMISSION AND EXPENSES**

The Underwriters are expected to receive a commission of 3% of the aggregate Placing Price of all the Placing Shares. The Sole Sponsor will, in addition, receive an advisory fee to the Placing. The aggregate fees and commission, together with the Stock Exchange listing application fee, Stock Exchange trading fee and SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Placing, are currently estimated to be approximately HK\$22.1 million in aggregate (assuming that the Offer Size Adjustment Option is not exercised and based on a Placing Price of HK\$1.2 per Placing Share), which will be borne by our Company.

### **SOLE SPONSOR'S AND UNDERWRITERS' INTERESTS IN OUR COMPANY**

Save as disclosed in this prospectus and as contemplated pursuant to the Underwriting Agreement, none of the Sole Sponsor or the Underwriters has any shareholding in any member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

### **MINIMUM PUBLIC FLOAT**

Our Directors and the Sole Lead Manager will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(9) of the GEM Listing Rules after completion of the Placing.

### **INDEMNITY**

Each of our Company and the Controlling Shareholders has agreed jointly and severally to indemnify the Sole Sponsor, the Sole Lead Manager and the Underwriters for certain losses arising from their performance of their obligations under the Underwriting Agreement and any breach by our Company pursuant to the terms of the Underwriting Agreement.

### **INDEPENDENCE OF SOLE SPONSOR**

The Sole Sponsor satisfies the independence criteria applicable to the sponsor as set out in Rule 6A.07 of the GEM Listing Rules.