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## UNDERWRITING

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### JOINT GLOBAL COORDINATORS

Innovax Capital Limited and South China Securities Limited

### JOINT UNDERWRITERS, JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Innovax Capital Limited and South China Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company will conditionally place the Placing Shares with institutional, professional and/or other investors at the Placing Price subject to the terms and conditions in the Underwriting Agreement and this prospectus. Subject to, among other conditions, (i) the Listing Division of the Stock Exchange granting the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus, (ii) the Price Determination Agreement being entered into on or before the Price Determination Date, and to certain other conditions set out in the Underwriting Agreement being fulfilled, the Joint Underwriters has agreed to subscribe for or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions under the Underwriting Agreement and in this prospectus.

#### Grounds for termination

The Joint Global Coordinators (for themselves and on behalf of the Joint Underwriters and the Sole Sponsor) shall have the absolute right upon giving a written notice to our Company (on behalf of the other parties thereto other than the Joint Underwriters and the Sole Sponsor) to terminate the Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. on the Listing Date (which is expected to be on Friday, 9 October 2015):

- (a) there comes to the notice of the Sole Sponsor, the Joint Global Coordinators or the Joint Underwriters:
  - (i) that any statement contained in this prospectus, the formal notice in the agreed form to require to be published in connection with the Placing under Chapter 16 of the GEM Listing Rules (the “**Formal Notice**”) and any announcements issued by our Company in connection with the Placing (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respects, or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, as of its date, the Formal Notice and/or any announcements issued by our Company in connection with the Placing (including any supplement or amendment thereto) are not fair or honest, or based on reasonable assumptions, when taken as a whole; or

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## UNDERWRITING

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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 and having not been disclosed in this prospectus, constitute a material omission therefrom; or
  - (iii) any material breach of any of the obligations imposed upon any party to this Agreement (other than on the Joint Underwriters); or
  - (iv) any event, act or omission which gives rise to any liability of any of the indemnifying parties pursuant to the Underwriting Agreement; or
  - (v) any material adverse change or development involving a material prospective change (whether permanent or not) in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of our Group to the extent such change or development is not disclosed in this prospectus, as of its date; or
  - (vi) any breach of, or any event rendering untrue or incorrect in any material respect in, any of the warranties set out in the Underwriting Agreement in any respects; or
  - (vii) approval by the Listing Division 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 (I) the Offer Size Adjustment Option and (II) the option which may be granted under the Share Option Scheme) under the Placing is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
  - (viii) the Company withdraws this prospectus or the Placing; and
- (b) there shall develop, occur, exist or come into effect:
- (i) any event or series of events, in the nature of force majeure, including, without limitation, any acts of government, declaration of a national or international emergency, calamity, crisis, epidemic, pandemic, outbreak of infectious disease (including but not limited to SARS, MERS, H1N1 flu, H7N9, H5N1 and such other related/mutated forms), accident or interruption or delay in transportation, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), outbreak or escalation of hostilities (whether or not war is declared) or acts of God in Hong Kong); or

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## UNDERWRITING

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- (ii) any change or development involving a prospective change or any event or series of events likely to result in change in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or any monetary or trading settlement system or matters and/or disaster (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, imposition or declaration of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the Shanghai Stock Exchange, or a devaluation of Hong Kong dollars or the United States dollars against any foreign currencies, or any general moratorium on banking activities or disruption in commercial banking activities or foreign exchange or securities settlement or clearance services or procedures in or affecting Hong Kong; or
- (iii) any general moratorium on commercial banking activities in Hong Kong which may affect the operation of our Group, or there is a disruption in commercial banking or securities settlement or clearance services in Hong Kong; or
- (iv) any new law or regulation or change or development involving a prospective change in existing laws or regulations 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 Hong Kong, BVI and the Cayman Islands; or
- (v) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by, or for Hong Kong; or
- (vi) a change or development occurs involving a prospective change in taxation or exchange control, currency exchange conditions or foreign investment regulations (or the implementation of any exchange control) in Hong Kong, BVI and the Cayman Islands and adversely affecting an investment in the Shares; or
- (vii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (viii) 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
- (ix) a contravention by any member of our Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, the SFO, or the GEM Listing Rules, including any non-compliance of this prospectus or any aspect of the Placing with the GEM Listing Rules or any other applicable law or regulation; or

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## UNDERWRITING

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- (x) a prohibition on our Company or our Selling Shareholder for whatever reason from allotting or selling the Shares (including any Shares which may be allotted and issued upon exercise of (I) the Offer Size Adjustment Option, or (II) the option which may be granted under the Share Option Scheme) pursuant to the terms of the Placing; or
- (xi) other than with the approval of the Joint Global Coordinators (for themselves and on behalf of the Joint Underwriters), the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the Placing) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or the GEM Listing Rules; or
- (xii) a petition is presented or an order is made for the winding up or liquidation of any member of our Group or any member of our 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 our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group;

which, in any such case and in the sole opinion of the Joint Global Coordinators:

- (A) has or is likely to or will individually or in aggregate have a material adverse effect on the business, financial condition or trading position or prospects of our Group as a whole; or
- (B) has or is likely to or will have a material adverse effect on the success of the Placing or the level of interest under the Placing; or
- (C) makes or is likely to or will make it inadvisable or inexpedient or impracticable for the Placing to proceed or to market the Placing; or
- (D) has or would or will or is likely to have the effect of making any part of the Underwriting Agreement or the Placing (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Placing or pursuant to the underwriting thereof.

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## UNDERWRITING

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### Undertakings to the Stock Exchange

#### *Undertakings by our Company*

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company undertakes to the Stock Exchange that save as pursuant to the Placing (including the exercise of the Offer Size Adjustment Option) and the grant and exercise of the options under the Share Option Scheme, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the date on which the Shares first commence dealing on the GEM (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except for the circumstances permitted pursuant to Rules 17.29(1) to (5) of the GEM Listing Rules.

#### *Undertakings by our Controlling Shareholders*

Each of the Controlling Shareholders undertakes to our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Underwriters and the Stock Exchange that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) shall not,

- (a) within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month 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 the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (b) within the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month 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 the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Each of the Controlling Shareholder further undertakes to our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Underwriters and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

- (c) in the event that he/it pledges or charges any direct or indirect interest in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange

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## UNDERWRITING

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pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Six-Month Period, inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

- (d) having pledged or charged any interest in the Shares under (c) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under (c) or (d) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

### **Undertakings to the Sole Sponsor, the Joint Global Coordinators and the Joint Underwriters**

#### *Undertakings by our Company*

Our Company undertakes to and covenants with the Sole Sponsor, the Joint Global Coordinators and the Joint Underwriters, and each of the Controlling Shareholders and the executive Directors undertakes to and covenants with the Sole Sponsor, Joint Global Coordinators and the Joint Underwriters to procure that, during the First Six-Month Period, save with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Joint Underwriters and the Sole Sponsor) and in compliance with the GEM Listing Rules and the applicable laws, and save pursuant to the Placing, the exercise of (i) the Offer Size Adjustment Option; (ii) the options to be granted under the Share Option Scheme; or (iii) any other share option scheme of our Company adopted from time to time, neither our Company nor any member of our Group from time to time shall:

- (a) offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, 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 our subsidiaries), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such 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 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;
- (b) except for using securities of our Company beneficially owned by the Controlling Shareholders as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan or such other circumstances as permitted under the GEM Listing Rules, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly,

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## UNDERWRITING

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conditionally or unconditionally, any Shares or other securities of our Company or any interest therein of the Controlling Shareholders (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, 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;

- (c) at any time within the Second Six-Month Period do any of the acts set out in paragraph (a) and (b) above such that each of the Controlling Shareholders, directly or indirectly, would cease to be a Controlling Shareholder; and
- (d) offer to or agree to do any of the foregoing or announce any intention to do so, other than the Placing Shares or any Shares to be issued pursuant to the Offer Size Adjustment Option or any Shares which may fall to be issued pursuant to the grant or the exercise of any options under the Share Option Scheme 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 the Company and the GEM Listing Rules or otherwise approved by the Stock Exchange.

### **Total commission, fee and expenses**

In connection with the Placing, the Joint Underwriters will receive an underwriting commission of 3% of the aggregate Placing Price of all the Placing Shares, out of which they will pay any sub-underwriting commissions. If any of Offer Size Adjustment Option is exercised, the underwriting commission will be calculated in the same manner with the Placing Shares initially available for subscription. In connection with the Listing, the Sole Sponsor will receive a sponsorship and documentation fee.

The aggregate commissions and estimated expenses, together with Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Placing are estimated to be approximately HK\$16.8 million to HK\$17.4 million (assuming the Offer Size Adjustment Option is not exercised and the Placing Price ranging from HK\$0.30 to HK\$0.40 per Share) and are payable by our Company and our Selling Shareholder in proportion to the amount of the Placing Shares issued or sold by each of them under the Placing. Stamp duty (if any) payable in respect of the Sale Shares shall be borne by our Selling Shareholder.

Our Company has agreed to indemnify the Sole Sponsor, the Joint Global Coordinators and the Joint Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreement, and any breach by our Company of the Underwriting Agreement.

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## UNDERWRITING

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### **INDEPENDENCE OF THE SOLE SPONSOR**

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

### **SOLE SPONSOR'S, JOINT GLOBAL COORDINATOR'S AND JOINT UNDERWRITERS' INTERESTS IN OUR COMPANY**

Save for their interests and obligations under the Underwriting Agreement and the sponsorship fee payable to the Sole Sponsor in respect of the Listing, none of the Sole Sponsor, the Joint Global Coordinators and the Joint Underwriters are interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

### **JOINT GLOBAL COORDINATOR'S AND JOINT UNDERWRITERS' INTEREST IN OUR COMPANY**

The Joint Global Coordinators and the Joint Underwriters will receive an underwriting commission of 3% of the aggregate Placing Price payable for the Placing Shares. Particulars of these commissions and expenses are set forth in the sub-section headed "Total commission, fee and expenses" above in this section.

Save as disclosed above, none of the Joint Global Coordinators and the Joint Underwriters are interested legally or beneficially in shares of any of our Group's members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of its members nor any interest in the Placing.

### **MINIMUM PUBLIC FLOAT**

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