
UNDERWRITING

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Underwriter

Aristo Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting agreement

Pursuant to the Underwriting Agreement, the Company is offering the Placing Shares at the Placing Price for subscription by professional, institutional and other investors on and subject to the terms and conditions of the Underwriting Agreement and this prospectus. Subject to, among other matters, the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions set out in the Underwriting Agreement being satisfied or waived on or before each of the respective dates set out in the Underwriting Agreement (or such later date as the Company and the Bookrunner (also in its capacity as the Underwriter) may agree), the Underwriter has agreed to subscribe and/or procure subscribers to subscribe for the Placing Shares on the terms and conditions of the Underwriting Agreement and in this prospectus.

Grounds for termination

The obligations of the Underwriter to subscribe for, or procure subscribers to subscribe for, the Placing Shares are subject to termination. The Bookrunner (also in its capacity as the Underwriter) shall be entitled to terminate their obligations under the Underwriting Agreement upon the occurrence of any of the following events by notice in writing to the Company given by the Bookrunner (also in its capacity as the Underwriter) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”), if prior to the Termination Time:

- (a) there comes to the notice of the Sponsor or the Bookrunner (also in its capacity as the Underwriter):
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Underwriting Agreement given by the Company or any of the Controlling Shareholders and the executive Directors to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement or any other provisions of the Underwriting Agreement by any party thereto (other than those undertaken by the Sponsor and/or the Bookrunner (also in its capacity as the Underwriter)) which, in any such cases, is considered, in the sole and absolute opinion of the Bookrunner (also in its capacity as the Underwriter), to be material in the context of the Placing; or
 - (ii) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect; or

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- (iii) any event, series of events, matters or circumstances occurs or arises on or after the date of the Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement untrue, incorrect or misleading in any material respect, and which is considered, in the sole and absolute opinion of the Bookrunner (also in its capacity as the Underwriter), to be material in the context of the Placing; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Bookrunner (also in its capacity as the Underwriter), a material omission in the context of the Placing; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders or the executive Directors under the Underwriting Agreement arising out of or in connection with the material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement; or
 - (vi) any breach by any party to the Underwriting Agreement (other than the Sponsor or the Bookrunner (also in its capacity as the Underwriter)) of any provision of the Underwriting Agreement which, in the sole and absolute opinion of the Bookrunner (also in its capacity as the Underwriter), is material; or
- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (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 in Hong Kong, the Cayman Islands, the BVI, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of the Group which is material to the conditions, business affairs, profits, losses or the financial or trading position of any member of the Group or otherwise material in the context of the Placing; or
 - (ii) any material change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, the Cayman Islands, the BVI, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdictions relevant to the business of the Group, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or

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- (iii) any material adverse change in the conditions of Hong Kong, the PRC, the US or international equity securities or other financial markets; or
- (iv) any material adverse change or prospective change in the business or in the financial or trading position or prospects of any member of the Group; or
- (v) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (vi) any material change or development involving a prospective change in any forms of taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the BVI, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the business of the Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US or by the European Union (or any member thereof) or other jurisdiction relevant to the business of the Group or in which the Group conducts business which is material to the conditions, business affairs, profits, losses or the financial or trading position of any member of the Group or otherwise material in the context of the Placing; or
- (viii) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, outbreak of infectious disease, calamity, crisis, terrorism, strike or lock-out, (whether or not covered by insurance); or
- (x) any other change whether or not ejusdem generis with any of the foregoing, which, in the sole and absolute opinion of the Bookrunner (also in its capacity as the Underwriter):
 - (aa) is or will be, or is very likely to be adverse, in any material respect, to the business, financial or trading conditions or prospects of the Group; or
 - (bb) has or will have, or is very likely to have, a material adverse effect on the success of the Placing or the level of the Placing Shares being demanded, applied for or accepted, the distribution of the Placing Shares or the market price of the Shares following the Listing; or
 - (cc) for any other reason makes it impracticable, inadvisable or inexpedient to proceed with the Placing as a whole.

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For the above purpose:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any change of the value of Hong Kong currency under such system or a devaluation of the RMB against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (ii) any fluctuations in Hong Kong, the PRC, the US or international equity securities or other financial markets, whether or not within the normal range therefor, may be considered as a change of market conditions or prospects referred to above.

Commission and expenses

The Underwriter will receive a commission of 3.5% on the aggregate Placing Price of all the Placing Shares now being offered, out of which the Underwriter will pay sub-underwriting commissions and selling concession. 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 approximately HK\$18.0 million (based on the Placing Price of HK\$0.30 per Placing Share).

Underwriter's interests in the Company

Save for its interests and obligations under the Underwriting Agreement and save as disclosed in this prospectus, the Underwriter is not nor any of its associates is interested beneficially or non-beneficially in any shares in any member of the Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of the Group.

Undertakings by the Controlling Shareholders

For the purpose of this subsection, unless the context otherwise requires, all references to “he” or “him” or “his” shall include references to all other genders.

Pursuant to the Underwriting Agreement, each of the Controlling Shareholders has jointly and severally undertaken to the Company, the Sponsor and the Bookrunner (also in its capacity as the Underwriter) that, except (i) pursuant to the Placing; or (ii) permitted under the GEM Listing Rules and with the prior written consent of the Bookrunner (also in its capacity as the Underwriter), he shall not, and shall procure that none of the relevant registered holder(s) will:

- (a) at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders 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, or 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 which he is shown by this prospectus to be the beneficial owner; or

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- (b) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), dispose of, or 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 which he is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or the Controlling Shareholders as a group of persons would cease to be the Controlling Shareholders.

For the purpose of the above restriction, a person is treated as the beneficial owner of Shares if he has the ultimate beneficial ownership or control of the Shares, whether through a chain of companies or otherwise.

Nothing in the above restriction shall prevent the disposal of any interest of a Controlling Shareholder in the Shares referred to in paragraph (a) above in the following circumstances:

- (1) pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance), as security for a bona fide commercial loan;
- (2) pursuant to a power of sale under the pledge or charge (granted pursuant to sub-paragraph (1) immediately above);
- (3) on the death of the Controlling Shareholder; or
- (4) in any other exceptional circumstances to which the Stock Exchange has given its prior approval.

Without prejudice to the undertaking as referred to above, during the First Six-month Period and the Second Six-month Period, he shall:

- (i) when he pledges or charges any direct or indirect interest in any Shares (or interest therein) which are the subject of the above restrictions beneficially owned by him (as the case may be) in favour of an authorised institution (as defined in the Banking Ordinance) under the circumstances described in sub-paragraph (1) in the preceding paragraph, he must immediately inform the Company, the Sponsor and the Bookrunner (also in its capacity as the Underwriter) of such pledge or charge together with the number of the securities so pledged or charged and all other information as requested by the Company, the Sponsor and/or the Bookrunner (also in its capacity as the Underwriter); and
- (ii) subsequent to the pledge or charge over the securities (or interest therein) as mentioned in sub-paragraph (i) immediately above, immediately inform the Company, Sponsor and the Bookrunner (also in its capacity as the Underwriter) in the event that he becomes aware that the pledge or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

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Pursuant to Rule 17.29 of the GEM Listing Rules, except as otherwise provided for in that rule, no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued 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).

Undertakings by the Company

Under the Underwriting Agreement, the Company has undertaken to and covenanted with the Sponsor and the Bookrunner (also in its capacity as the Underwriter) that, and each of the Controlling Shareholders and the executive Directors has jointly and severally undertaken and covenanted with the Sponsor and the Bookrunner also in its capacity as the Underwriter) to procure that, without the prior written consent of the Bookrunner (also in its capacity as the Underwriter) and subject always to the requirements of the Stock Exchange, save for the Placing Shares, the grant of options under the Share Option Scheme, and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or otherwise than by way of scrip dividend schemes or similar arrangements in accordance with the Memorandum and the Articles or any consolidation, sub-division or capital reduction of the Shares, the Company shall not:

- (a) allot and issue, accept subscriptions for, offer, sell or contract to sell, grant or agree to grant any option or other right in, directly or indirectly, conditionally or unconditionally, any shares, warrants or other convertible or exchangeable securities carrying the right to subscribe for or exchangeable into shares or other securities of the Company, or offer or agree to do any of the foregoing or announce any intention to do so at any time during the First Six-month Period and the Second Six-month Period; or
- (b) at any time during the First Six-month Period and the Second Six-month Period, subject to the GEM Listing Rules and the Takeovers Code, make or agree to make any buy back of any Shares or other securities of the Company.

Sponsor's interest in the Company

Messis Capital, being the Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Under a compliance adviser's agreement dated 30 September 2015 and made between Messis Capital and the Company (the "**Compliance Adviser's Agreement**"), the Company appoints Messis Capital and Messis Capital agrees to act as the compliance adviser to the Company for the purpose of the GEM Listing Rules for a fee from the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, i.e. 31 March 2018, or until the agreement is terminated, whichever is earlier. Save for the advisory and documentation fees to be paid to Messis Capital as the Sponsor to the Placing, it is having been appointed as the compliance adviser to the Company pursuant to the Compliance Adviser's Agreement, its obligations under the Underwriting Agreement and any interests in securities that may be subscribed by it pursuant to the Placing, neither Messis Capital nor any of its associates has or may, as a result of the Placing, have any interest in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) has accrued any material benefit as a result of the successful outcome of the Placing.

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No director or employee of Messis Capital who is involved in providing advice to the Company has or may, as a result of the Placing, have any interest in any class of securities of the Company or other company in the Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of Messis Capital has a directorship in the Company or any other company in the Group.