
UNDERWRITING

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

Octal Capital Limited

Metro Capital Securities Limited

UNDERWRITERS

Octal Capital Limited

Metro Capital Securities Limited

SinoPac Securities (Asia) Limited

Sanfull Securities Limited

UNDERWRITING ARRANGEMENT, COMMISSIONS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company will conditionally place the Placing Shares at the Placing Price subject to the terms and conditions in the Underwriting Agreement and this prospectus.

Subject to, among other conditions, 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 (including any Shares which may fall to be issued pursuant to the Capitalisation Issue or any Shares which may be issued upon exercise of the Offer Size Adjustment Option and any option that may be granted under the Share Option Scheme) and to certain other conditions set out in the Underwriting Agreement being fulfilled, the Underwriters have severally agreed to subscribe for or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Underwriting Agreement and this prospectus.

Grounds for termination

The Sole Sponsor and/or the Joint Lead Managers (for themselves and on behalf of the Underwriters) may in its/their absolute discretion, terminate the Underwriting Agreement with immediate effect by notice in writing given to our Company by the Sole Sponsor and/or the Joint Lead Managers (for themselves and on behalf of the Underwriters) if, at any time prior to 8: 00 a.m. (Hong Kong time) on the Listing Date (which is expected to be 29 December 2015):

- (a) there has come to the notice of the Sole Sponsor and/or the Joint Lead Managers:
 - (i) any statement contained in this prospectus, the placing letter, the formal notice, any submissions, documents or information provided to the Sole Sponsor and/or the Joint Lead Managers, any announcements or documents issued by our Company in connection with the Placing (including any supplement or amendment thereto) (the “**Relevant Documents**”), considered by the Sole Sponsor and/or the Joint Lead Managers in its/their absolute

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opinion was, when it was issued, or has become, or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect or any expressions of opinion, intention or expectation contained in any of such documents are not, in the absolute opinion of the Sole Sponsor and/or the Joint Lead Managers, in all material respects fair and honest and based on reasonable assumptions, when taken as a whole;

- (ii) 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 Sponsor and/or the Joint Lead Managers in its/their absolute opinion to be material in the context of the Placing;
- (iii) any breach of any of the obligations imposed upon any party to the Underwriting Agreement considered by the Sole Sponsor and/or the Joint Lead Managers in its/their absolute opinion to be material in the context of the Placing (other than upon any of the Sole Sponsor, the Joint Lead Managers and the Underwriters) (as the case may be);
- (iv) either (A) there has been a breach of any of the representations, warranties, undertakings or provisions set out in the Underwriting Agreement by any of our Company, the executive Directors and the Controlling Shareholders or (B) any matter or event showing or rendering any of the representations, warranties and undertakings set out in the Underwriting Agreement, as applicable, in the absolute opinion of the Sole Sponsor and/or the Joint Lead Managers, to be untrue, incorrect, inaccurate or misleading in any material respect when given or repeated;
- (v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of our Company, the executive Directors and the Controlling Shareholders pursuant to the indemnity provisions under the Underwriting Agreement or the Placing to be performed or implemented as envisaged;
- (vi) any event, series of events, matter or circumstance occurs or arises on or after the date of this prospectus and prior to 8:00 a.m. on the Listing Date, which would have rendered any of the representations, warranties or undertakings set out in the Underwriting Agreement, in the absolute opinion of the Sole Sponsor and/or the Joint Lead Managers, untrue, incorrect, inaccurate or misleading in any material respect;
- (vii) approval by the Listing Division for the listing of, and permission to deal in, the Shares is refused or not granted before the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (viii) our Company withdraws any of the Relevant Documents (and/or any other documents used in connection with the contemplated issue and sale of the Placing Shares) without the prior consent of the Sole Sponsor and/or the Joint Lead Managers; or

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- (ix) any person (other than the Sole Sponsor, the Joint Lead Managers and any of the Underwriters) has withdrawn or sought to withdraw its consent to the issue of any of the Relevant Documents with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

- (b) there shall develop, occur, happen, exist or come into effect:
 - (i) any event, or series of events in the nature of force majeure, including, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs (whether or not covered by insurance), fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics (including but not limited to swine influenza (H1N1 flu), severe acute respiratory syndrome and avian influenza A (H5N1) and other related or mutated form), accidents, interruption or delay in transportation, 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 calamity or crisis in Hong Kong or anywhere in the world;
 - (ii) any change or development involving a prospective change, or any event or series of events, matters or circumstances likely to result in or represent any change or development involving a prospective change, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster (including without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in securities settlement or clearance service or procedures) in or affecting Hong Kong or anywhere in the world;
 - (iii) any change in the general fund raising environment in Hong Kong or elsewhere;
 - (iv) any new law or regulation or any 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, the PRC, the BVI or the Cayman Islands or any other jurisdictions relevant to any member of our Group or the Placing (the “**Relevant Jurisdictions**”);

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- (v) the imposition of economic sanctions or changes in existing economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or by the European Union (or any member thereof) on any of the Relevant Jurisdictions;
- (vi) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control, currency exchange rates or foreign investment laws or regulations) in any of the Relevant Jurisdictions;
- (vii) 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;
- (viii) any litigation or claim of material importance being threatened or instigated against any member of our Group or any Director;
- (ix) a Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;
- (x) the chairman or chief executive officer of our Company vacating his office;
- (xi) the commencement by any governmental, regulatory or political body or organisation of any action against a Director or a member of our Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action;
- (xii) any contravention by any member of our Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, the GEM Listing Rules, the SFO or any applicable laws and regulations;
- (xiii) a prohibition on our Company for whatever reason from allotting or issuing the Placing Shares pursuant to the terms of the Placing;
- (xiv) non-compliance of this prospectus (and/or any other documents used in connection with the issue and sale of the Placing Shares) or any aspect of the Placing with the GEM Listing Rules or any other applicable laws and regulations;
- (xv) other than with the written approval of the Sole Sponsor and/or the Joint Lead Managers, the issue or requirement to issue by our Company of a supplement or amendment to any of the Relevant Documents (and/or any other documents used in connection with the issue and sale of the Placing Shares) pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules;

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- (xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;
- (xvii) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person);
- (xviii) any change or prospective change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Company or any member of our Group (including any litigation or claim of material importance being threatened or instigated against our Company or any member of our Group);
- (xix) a petition or an order is presented 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 any analogous matter thereto occurs in respect of any member of our Group;
- (xx) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions;
- (xxi) any change or development in the conditions of local, national or international equity securities or other financial markets;
- (xxii) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange, or minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by the Stock Exchange or by order of any regulatory or governmental authority,

which in each case or in aggregate in the absolute opinion of the Sole Sponsor and/or the Joint Lead Managers (for themselves and on behalf of the Underwriters):

- (A) is or may or will be or is likely to be adverse to or may prejudicially affect the general affairs, management, business, financial, trading or other condition or prospects of our Group (as a whole) or any member of our Group or to any present or prospective shareholder in his, her or its capacity as such;
- (B) has or may or will have or is likely to have an adverse effect on the success, marketability or pricing of the Placing or the level of applications in the Placing or the level of interest under the Placing;

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- (C) makes or may or will make it inadvisable, inexpedient or impracticable to proceed with or to market the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by any of the Relevant Documents; or
- (D) has or will have the effect of making any part of the Underwriting Agreement incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Relevant Documents and the Underwriting Agreement or which prevents the processing of applications and/or payments pursuant to the Placing or pursuant to the underwriting thereof.

Commission and expenses

The Underwriters will receive an underwriting commission of 3.2% of the aggregate Placing Price of all Placing Shares actually placed by them, out of which the Underwriters will pay any sub-underwriting commissions and will be reimbursed for their reasonable expenses. The commission, the GEM listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Placing, are estimated to be approximately HK\$17.6 million, assuming the Offer Size Adjustment Option is not exercised and based on the Placing Price of HK\$0.5, which will be payable by our Company.

The commission and expenses were determined after arm's length negotiation between our Company and the Underwriters and other relevant parties with reference to the then prevailing market condition.

Save as disclosed in this prospectus and as contemplated pursuant to the Underwriting Agreement, none of the Joint Leader Managers nor the Underwriters has any shareholding interests in any member of our Group nor has any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares.

Sole Sponsor and its independence

The Sole Sponsor made an application on our behalf to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein. The Sole Sponsor has received or will receive a sponsor fee of HK\$5.38 million in connection with the Listing. The Sole Sponsor satisfies the independence criteria applicable to the Sole Sponsor as set out in Rule 6A.07 of the GEM Listing Rules. No director or employee of Octal Capital has a directorship in our Company or any of its subsidiaries.

Sole Sponsor's interests in our Company

Save as (i) the fees paid and to be paid to Octal Capital as the sponsor to the Placing; and (ii) the fee to be paid to Octal Capital as our Company's compliance adviser pursuant to the requirements under Rules 6A.19 of the GEM Listing Rules and save as disclosed in this prospectus, neither the Sole Sponsor nor any of its directors, employees and associates is interested legally or beneficially in the shares of any member of our Group 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 member of our Group nor any interest in the Placing or has any other business relationship with our Group.

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No director or employee of Octal Capital who is involved in providing advice to our Company has or may have, as a result of the Placing, any interest in any class of securities of our Company or any of its subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

UNDERTAKINGS

Pursuant to the Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Joint Lead Managers and the Underwriters that our Company will not, and each of the executive Directors and the Controlling Shareholders has jointly and severally undertaken to and covenanted with the Sole Sponsor, the Joint Lead Managers and the Underwriters that it/he will procure our Company not to, without the prior written consent of the Sole Sponsor and/or the Joint Lead Managers (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, except for the issue of Shares under the Placing, the Capitalisation Issue, the grant of any option under the Share Option Scheme, or the issue of Shares upon exercise of the Offer Size Adjustment Option or any option granted under the Share Option Scheme:

- (i) at any time within the period of six months from the Listing Date (the “**First Six-month Period**”) offer, allot, issue, agree to allot or issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any options, rights or warrants to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase any of the share capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of share capital or such other securities, in cash or otherwise, or publicly disclose that our Company will or may enter into any of the foregoing transactions (whether or not such transaction will be completed in the aforesaid period); and
- (ii) 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**”), issue or grant (conditionally or unconditionally) any options or right to subscribe for or otherwise convert into or exchange for Shares or securities of our Company so as to result in any of the Controlling Shareholders ceasing to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company;

and in the event our Company enters into any transaction specified in sub-paragraph (i) above during the Second Six-month Period (whether or not such transaction will be completed in the aforesaid period), it shall take all reasonable steps to ensure that any such transaction, agreement, or as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

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Each of the Controlling Shareholders has jointly and severally undertaken to and covenanted with each of our Company, the Sole Sponsor, the Joint Lead Managers and the Underwriters that, without the prior written consent of the Sole Sponsor and/or the Joint Lead Managers (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, it/he shall not, and will procure that none of its/his associates or companies controlled by it/him or any nominee or trustee holding in trust for it/him shall:

- (i) 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 on which the First Six-month Period 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 of our Company in respect of which it/he is shown by this prospectus to be the beneficial owner (whether direct or indirect); and
- (ii) at any time during 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 securities referred to in sub-paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company;

and in the event that it/he enters into any transaction specified in sub-paragraph (i) above during the Second Six-month Period (whether or not such transaction will be completed in the aforesaid period), it/he will take all reasonable steps to ensure that any such transaction, agreement, or as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

Each of the Controlling Shareholders has undertaken to and covenanted with each of our Company, the Sole Sponsor, the Joint Lead Managers and the Underwriters and the Stock Exchange that:

- (i) in the event that it/he pledges or charges any of its/his direct or indirect interest in the Shares or other securities of our Company under Rule 13.18(1) of the GEM Listing Rules 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 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 on which the Second Six-month Period expires, it/he must inform our Company, the Sole Sponsor and the Joint Lead Managers immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any of its/his interests in the Shares or other securities of our Company under sub-paragraph (i) above, it/he must inform our Company, the Sole Sponsor and the Joint Lead Managers immediately in the event that it/he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares or other securities of our Company affected.

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Our Company will also inform the Stock Exchange as soon as our Company has been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of announcement in accordance with GEM Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders.

Our Company, the executive Directors and the Controlling Shareholders have agreed to indemnify the Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Underwriting Agreement and any breach by our Company or the Controlling Shareholders or the executive Directors of the Underwriting Agreement.