

UNDERWRITING

PUBLIC OFFER UNDERWRITER

RaffAello Securities (HK) Limited
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89 Queensway
Hong Kong

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

The Public Offer Underwriting Agreement was entered into on 28 March 2018 among our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner and the abovementioned Public Offer Underwriter. Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares under the Public Offer at the Offer Price for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, amongst other matters, (i) the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus; and (ii) certain other conditions set out in the Public Offer Underwriting Agreement (including our Company, the Sole Sponsor and the Sole Bookrunner (for themselves and on behalf of the other Underwriters) agreeing on the Offer Price and the Placing Underwriting Agreement becoming unconditional and not having been terminated), the Public Offer Underwriter has agreed to subscribe for or procure subscribers to subscribe for the Public Offer Shares, subject to the terms and conditions of the Public Offer Underwriting Agreement.

Grounds for termination

The obligations of the Public Offer Underwriter to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination by notice in writing issued by the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriter) to our Company, which may be given at the sole and absolute discretion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date upon the occurrence of any of the following events:

- (i) there develops, occurs, exists or comes into effect:
 - (a) any local, national, regional or international event or circumstances in the nature of force majeure beyond the reasonable control of the Public Offer Underwriter (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism; or

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- (b) any change, or development involving a prospective change, or any event or circumstances likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions, equity securities or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction relevant to any member of our Group (the “**Relevant Jurisdictions**”); or
- (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) (1) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange or the Shanghai Stock Exchange or (2) in or on trading in any securities of our Company or of any other member of our Group listed or quoted on a stock exchange or an over-the-counter market; or
- (d) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in the Relevant Jurisdictions; or
- (e) any new law or regulation or any change or any development involving a prospective change or any event or circumstances likely to result in a change or a development involving a prospective change in (or in the interpretation, implementation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or on, any of the Relevant Jurisdictions; or
- (g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (h) any litigation or claim of any third party being threatened or instigated against any member of our Group, our executive Directors or our Controlling Shareholders; or
- (i) any change or development involving a prospective change or materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (j) any one of our Directors 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

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- (k) the chief executive officer and the chief operating officer of our Company vacating his or her office; or
- (l) an authority or a political body or organisation in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (m) save as disclosed in this prospectus, a contravention by any member of the Group of the GEM Listing Rules or applicable laws; or
- (n) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares pursuant to the terms of the Share Offer; or
- (o) non-compliance of the prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws;
- (p) other than with the approval of the Sole Sponsor and/or the Sole Bookrunner, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (q) any order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

which, individually or in the aggregate, in the sole opinion of the Sole Bookrunner (1) has or will have or may have an adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or may have an adverse effect on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or (3) makes or will make or is likely to make it inappropriate or inadvisable or inexpedient or impracticable for the Share Offer to proceed or to market the Share Offer; or (4) has or will or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

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- (ii) there has come to the notice of the Sole Bookrunner:
 - (a) that any statement contained in this prospectus and the Application Forms, the formal notice in respect of the Share Offer and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (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 forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus and the Application Forms, the formal notice in respect of the Share Offer and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Public Offer (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or
 - (b) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than upon any of the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Public Offer Underwriter or the Placing Underwriter(s)); or
 - (c) any event, act or omission which gives or is likely to give rise to any liability of any indemnifying parties under the Public Offer Underwriting Agreement; or
 - (d) any material adverse change, or any development involving a prospective adverse change, in the assets, liabilities, business, affairs, management, prospects, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group taken as a whole; or
 - (e) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings of our Company, our Controlling Shareholders and our executive Directors under the Public Offer Underwriting Agreement; or
 - (f) the approval by the Listing Division of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (g) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or
 - (h) any person (other than the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter) has withdrawn or sought to withdraw its consent to being named in this prospectus as expert or to the issue of this prospectus.

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UNDERTAKINGS

Undertakings by our Company to the Stock Exchange pursuant to the GEM Listing Rules

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us 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), except in certain circumstances prescribed under Rule 17.29 of the GEM Listing Rules which includes the issue of Shares pursuant to the Share Option Scheme.

Undertakings by our Controlling Shareholders to the Stock Exchange pursuant to the GEM Listing Rules

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders (namely, IFG Swans and Mr. Wu) has undertaken to each of the Stock Exchange and our Company that, save as permitted under the GEM Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of its/his shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, it/he shall not 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 it/he is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, it/he shall not 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 it/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, it/he would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has further undertaken to each of the Stock Exchange and our Company that within the period commencing on the date by reference to which disclosure of its/his shareholding is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he shall:

- (a) when he/it pledges/charges any Shares beneficially owned by it/him in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform our Company in writing of such pledge/charge together with the number of Shares so pledged/charged; and
- (b) when he/it receives indications, whether verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of, immediately inform our Company in writing of such indications.

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Our Company shall inform the Stock Exchange as soon as it has been informed of matters referred to above by our Controlling Shareholders and disclose such matters by way of an announcement as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertaking by our Company

Pursuant to the Public Offer Underwriting Agreement, we have undertaken to the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter that, except pursuant to the Share Offer, the Capitalisation Issue, the grant or exercise of options which may be granted under the Share Option Scheme, during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including the date that is six months after the Listing Date (the “**First Six-Month Period**”), not to, and to procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for themselves and on behalf of the Public Offer Underwriter) and unless in compliance with the requirements of the GEM Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares, capital or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any debt capital or securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares, capital or other securities of such other member of our Group, as applicable), or deposit any Shares or other securities of our Company or any shares, capital or other securities of such other member of our Group, as applicable, with a depository in connection with the issue of depository receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares, capital or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any debt capital or securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or capital of such other member of our Group, as applicable); or
- (iii) enter into any transaction with the same economic effect as any transaction set out in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction set out in paragraphs (i), (ii) or (iii) above,

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in each case, whether any of the transactions set out in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or shares, capital or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period), provided that the above undertaking shall not prevent any member of our Group from issuing, allotting, accepting subscription for, offering to allot or issue, agreeing to allot or issue or granting any option, warrant, contract or right to subscribe for, allot or issue any shares or capital or increasing its registered capital following which the percentage interest of our Company (directly or indirectly) in such member of our Group will not be less than that before such transaction.

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions set out in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Our executive Directors and our Controlling Shareholders have undertaken to the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter to procure our Company to comply with the above undertakings.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders undertakes to each of our Company, the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter that, without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for themselves and on behalf of the Public Offer Underwriter) and unless in compliance with the requirements of the GEM Listing Rules:

- (a) he/it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any debt capital or securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein in (including, without limitation, any debt capital or securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by

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delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

- (b) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/it will cease to be a controlling shareholder (as the term is defined in the GEM Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of our Company, provided that the above undertaking shall not prevent our Controlling Shareholders (i) from purchasing additional Shares, and disposing of such additional Shares so purchased, subject to compliance with the requirements of Rule 11.23 of the GEM Listing Rules to maintain an open market in the securities and a sufficient public float; or (ii) from using the Shares beneficially owned by any of them as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, subject to compliance with the requirements of Rule 13.18(1) of the GEM Listing Rules.

Our Controlling Shareholders have further undertaken to our Company, the Sponsor, the Sole Bookrunner and the Public Offer Underwriter that he/it will, at any time within the period commencing on the date of the Public Offer Underwriting Agreement and ending on the date which is twelve months after the Listing Date:

- (i) upon any pledge or charge in favour of any person, entity or institution of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by him/it for a bona fide commercial loan, immediately inform our Company and the Sole Bookrunner in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (ii) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company and the Sole Bookrunner in writing of such indications,

and our Company agrees and undertakes to the Sole Bookrunner, the Sponsor and the Public Offer Underwriter, that, upon receiving such information in writing from our Controlling Shareholders, it will, as soon as practicable, notify the Stock Exchange and make an announcement in accordance with the GEM Listing Rules.

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Indemnity

Each of our Company, our executive Directors and our Controlling Shareholders has agreed to jointly and severally indemnify, amongst others, the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter for certain losses which they may suffer, including losses arising from or in connection with their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company, our executive Directors and our Controlling Shareholders of any provision in the Public Offer Underwriting Agreement.

PLACING

Placing Underwriting Agreement

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement with, among others, the Sole Sponsor, the Sole Bookrunner and the Placing Underwriters on or around the Price Determination Date. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions set out therein, severally agree to purchase the Placing Shares or procure purchasers for the Placing Shares. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “Underwriting Arrangements and Expenses — Undertakings — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section of the prospectus.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by them in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Underwriting Arrangements and Expenses — Undertakings — Undertakings Pursuant to the Public Offer Underwriting Agreement” in this section of the prospectus.

UNDERWRITING COMMISSION AND EXPENSES

According to the Public Offer Underwriting Agreement, the Public Offer Underwriter will receive an underwriting commission of 4.5% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer. The Placing Underwriters are expected to receive similar underwriting commission on the aggregate Offer Price payable for the Placing Shares subject to the terms and conditions of the Placing Underwriting Agreement.

The Sole Sponsor also received a sponsor fee of HK\$6.5 million from our Company for acting as the sole sponsor in the Share Offer.

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Based on the Offer Price of HK\$0.70 per Offer Share (being the mid-point of the indicative Offer Price range between HK\$0.55 and HK\$0.85), such underwriting commissions (exclusive of incentive fee, if any, which is at the sole discretion of the Company), together with the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Share Offer which are estimated to be approximately HK\$31.5 million in aggregate, are payable by the Company.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Bookrunner and the Underwriters will receive underwriting commissions pursuant to the Underwriting Agreements. Particulars of the said underwriting commissions and expenses relating to the Share Offer are set forth in the paragraph headed “Underwriting Arrangements and Expenses — Underwriting Commission and Expenses” in this section. Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Other than pursuant to the Share Offer and the Underwriting Agreements, none of the Sole Bookrunner and the Underwriters is, or is expected to be, interested legally or beneficially in the Shares or shares and other securities 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 any Shares or purchase shares and other securities in any member of our Group nor any interest in the Share Offer.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Bookrunner 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 immediately after completion of the Share Offer.

INDEPENDENCE OF THE SOLE SPONSOR

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