
UNDERWRITING

UNDERWRITERS

Bookrunner and Lead Manager

Head & Shoulders Securities Limited

Co-Managers

Ample Orient Capital Limited

China Industrial Securities International Brokerage Limited

CNI Securities Group Limited

Dakin Securities Limited

Gransing Securities Co., Limited

Sinolink Securities (Hong Kong) Company Limited

Underwriters

Ample Orient Capital Limited

China Industrial Securities International Brokerage Limited

CNI Securities Group Limited

Dakin Securities Limited

Gransing Securities Co., Limited

Head & Shoulders Securities Limited

Sinolink Securities (Hong Kong) Company 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 way of placing to selected professional, institutional or private investors in Hong Kong subject to the terms and conditions in the Underwriting Agreement and this prospectus.

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Subject to, among other matters, 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, exercise of options to be granted under the Share Option Scheme) and to the satisfaction of certain other conditions set out in the Underwriting Agreement being fulfilled or waived on or before the dates and times specified in the Underwriting Agreement (which shall in any event not later than the 30th day after the date of this prospectus), the Underwriters have severally agreed to subscribe for and/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 Lead Manager (for itself and on behalf of the Co-Managers and the Underwriters) shall have the absolute right to terminate the underwriting arrangements with immediate effect pursuant to the Underwriting Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”), if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change or development in, or any event or series of events resulting or likely to result in or representing any prospective change or development in, local, national, regional or international financial, political, military, industrial, legal, economic, currency market, credit, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, credit markets, and interbank markets, 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 devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, Japan, the Cayman Islands, the BVI or any other jurisdiction relevant to any member of the Group (each a “**Relevant Jurisdiction**”); or
 - (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, 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 any Relevant Jurisdiction; or
 - (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, pandemic, outbreak of disease (including without limitation Severe Acute Respiratory Syndromes (SARS), Middle East Respiratory Syndrome (MERS), H5N1, H1N1, H7N9)), economic sanctions, in or affecting any of the Relevant Jurisdictions; or

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- (iv) 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 or affecting any of the Relevant Jurisdictions; or
- (v) (A) any moratorium, suspension, restriction or limitation on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (vi) any change or development or event involving a prospective change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or
- (vii) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (viii) any adverse change or development or event or a prospective adverse change or development or event in the Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position, prospects, properties, results of operations, general affairs, shareholders' equity, management, position or condition, financial or otherwise, whether or not arising in the ordinary course of business, as determined by the Lead Manager in its sole and absolute discretion; or
- (ix) the commencement by any judicial, regulatory, governmental or political body or organisation of any action, claim or proceedings against any Director or an announcement by any judicial, regulatory, governmental or political body or organisation that it intends to take any such action; or
- (x) 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
- (xi) the chairman or chief executive officer of the Company vacating his office in circumstances where the operations of the Group may be adversely affected, save and except for health reasons; or
- (xii) save as disclosed in this prospectus, a contravention by any member of the Group of the GEM Listing Rules or any applicable laws or regulations in the Cayman Islands, Hong Kong, the BVI, the PRC and Japan; or

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- (xiii) an order or petition (based on valid grounds) is presented for the winding up or liquidation of the Company or any of its subsidiaries, or the Company or any of its subsidiaries make any composition or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any of its subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any of its subsidiaries or anything analogous thereto occurs in respect of the Company or any of its subsidiaries; or
- (xiv) a valid demand by any creditor for repayment or payment of any of the Company's indebtednesses or those of any of its subsidiaries or in respect of which its Company or any of its subsidiaries is liable prior to its stated maturity; or
- (xv) any loss or damage sustained by the Company or any of its subsidiaries as a result of a breach of its respective obligations or non-compliance with the applicable laws and regulations (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xvi) any litigation or claim of material importance being threatened or instigated against the Company or any of its subsidiaries or any of the Directors; or
- (xvii) a prohibition imposed by any competent government authority on the Company for whatever reason from allotting the Placing Shares pursuant to the terms of the Placing; or
- (xviii) non-compliance by the Group or the Directors of this prospectus (of any other documents used in connection with the contemplated Placing of the Placing Shares) or any aspect of the Placing with the GEM Listing Rules or any other applicable law or regulation; or
- (xix) other than with the approval of the Lead Manager (such approval not to be unreasonably withheld or delayed), the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated Placing of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules; or
- (xx) any event which give rise or would give rise to liability on the part of the Company pursuant to the indemnity provisions in the Underwriting Agreement; or
- (xxi) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk factors" in this prospectus, and which, individually or in the aggregate, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Co-Managers and the Underwriters), (A) has or may have or will have or is likely to have a material adverse effect, whether directly or

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indirectly, on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, trading position or other condition or prospects of the Company and its subsidiaries as a whole; or (B) has or may have or will have or is likely to have a material adverse effect on the success or the level of indication of interest in the Placing; or (C) makes, may make or will or is likely to make it impracticable or inadvisable or in expedient for any part of the Underwriting Agreement or the Placing to proceed or to be performed or implemented as envisaged or to market the Placing; or (D) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by this prospectus; or

- (b) there has come to the notice of the Sponsor and/or the Lead Manager (for itself and on behalf of the Co-Managers and the Underwriters) after the date of the Underwriting Agreement in their absolute opinion:
- (i) that any statement contained in this prospectus and other Placing Documents (as defined in the Underwriting Agreement), the formal notice or any announcements in the agreed form issued or used by or on behalf of the Company in connection with the Placing (including any supplement or amendment thereto) was, when it was issued, or has or may become untrue or incorrect or misleading in a material respect, or any expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus which would or might constitute a material omission from this prospectus and/or in any notices or announcements issued or used by or on behalf of the Company in connection with the Placing (including any supplement or amendment thereto); or
 - (iii) that any of the warranties given by the Company or the covenantors pursuant to the provisions of the Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached; or
 - (iv) that any matter, event, act or omission which gives or is likely to give rise to any liability of a material nature of the Company or the warrantors out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties as set out in the Underwriting Agreement and/or pursuant to the indemnities given by the Company, the warrantors or any of them under the Underwriting Agreement; or
 - (v) that any breach of any of the obligations or undertakings of any party to the Underwriting Agreement to be material in the context of the Placing (other than the Sponsor, the Lead Manager, the Co-Managers or the Underwriters); or

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- (vi) that the Company withdraws this prospectus; or
- (vii) that approval by the Listing Division of the listing of, and permission to deal in, the Shares to be issued (including up to 10% of the Shares in issue as at the Listing Date, to be allotted and issued pursuant to the exercise of options that 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) that any of the experts described under the paragraph headed “Other Information — Qualifications of experts” in Appendix IV to this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or opinions (as the case may be) and references to their names included in the form and context in which they respectively appears.

Company’s undertakings

The Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of the Company (whether or not a class already listed) may be issued by the Company 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 the circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

The Company has undertaken to the Sponsor, the Lead Manager, the Co-Managers and the Underwriters under the Underwriting Agreement that it shall not, and each of the executive Directors and the Controlling Shareholders has undertaken to the Sponsor, the Lead Manager, the Co-Managers and the Underwriters to procure the Company not to, except pursuant to the Placing and the Capitalisation Issue, without the prior written consent of the Lead Manager (for itself and on behalf of the Co-Managers and the Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the GEM Listing Rules:

- (a) at any time after the date of the Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), (i) offer, accept subscribe for, pledge, charge, allot, issue, agree to allot or issue, sell, lend, mortgage, 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, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of the share capital, debt capital or other securities of the Company or any interest therein or any voting right or any other right attaching thereto (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) save as pursuant to the repurchase mandate granted by the sole Shareholder to the Directors as

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described in Appendix IV to this prospectus, or (ii) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to or in favour of any third party other than any member of the Group, in whole or in part, any of the economic consequences of subscription or ownership of such share capital or securities or interest therein or any voting right or any other right attaching thereto, or (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above, or (iv) agree or contract to, or publicly announce any intention to enter into, any foregoing transaction described in (i), (ii) and (iii) (whether or not such transaction will be completed in the aforesaid period); whether any of the foregoing transactions described in (i), (ii) and (iii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; and

- (b) at any time during the six-month period immediately following the First Six-Month Period (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 the Company or of any of its subsidiaries so as to result in any of the Controlling Shareholders ceasing to be a controlling Shareholder (as defined under the GEM Listing Rules);

and in the event of the Company enters into any transaction specified in paragraph (b) above during the Second Six-Month Period (whether or not such transaction will be completed in the aforesaid period), the Company will take all reasonable steps to ensure that such issue or disposal will not create a disorderly or false market in the securities of the Company.

Controlling Shareholders’ non-disposal undertakings

Undertakings 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 Mr. Chan and Speed Development, has undertaken to and covenanted with the Stock Exchange that, save as permitted under the GEM Listing Rules and pursuant to the Placing, it/he shall not, and shall procure that its/his close associates or companies controlled by it/him or any nominee or trustee holding in trust for it/him shall not:

- (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, interest or encumbrances in respect of, any of the securities of the Company in respect of which it is shown by this prospectus to be the beneficial owners; 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 paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such

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options, rights, interests or encumbrances, any of the Controlling Shareholders would then cease to be the Company's controlling Shareholders (as defined under the GEM Listing Rules);

and in the event that any of them enters into any transaction specified in paragraph (ii) 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 the Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has also undertaken to the Stock Exchange, the Company, the Sponsor, the Lead Manager, the Co-Managers and the Underwriters that (i) in the event that the Controlling Shareholders or any of their close associates or companies controlled by it/him or nominees or trustees holding in trust for it/him pledges or charges any direct or indirect interest in the relevant Shares 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 of this prospectus and ending on the date which is 36 months from the Listing Date, he/it must inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and (ii) having pledged or charged any interest in Shares under (i) above, he/it must inform the Company immediately in the event that he/it or any of its/his close associates or companies controlled by it/him or nominees or trustees holding in trust for it/him becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Undertakings pursuant to the Underwriting Agreement

Each of the Controlling Shareholders has undertaken to and covenanted with the Company, the Sponsor, the Lead Manager, the Co-Managers and the Underwriters that, without the prior written consent of the Lead Manager (for itself and on behalf of the Co-Managers and the Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, it/he shall not, and shall procure that its/his close associates or companies controlled by it/him or any nominee or trustee holding in trust for it/him shall not:

- (i) at any time during the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the securities of the Company in respect of which it is shown by this prospectus to be the beneficial owners; and
- (ii) at any time during the 30-month period immediately following 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 securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or

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enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders would then cease to be the Company's controlling Shareholders (as defined under the GEM Listing Rules);

and in the event that any of them enters into any transaction specified in paragraph (ii) above during the 30-month period immediately following the First 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 the Company.

Commission and expenses

In connection with the Placing, the Underwriters will receive an underwriting commission of 8% of the aggregate Placing Price of all the Placing Shares now being offered according to the Underwriting Agreement, out of which will, as the case may be, be applied to any sub-underwriting commissions and selling concession. In connection with the Listing and the Placing, 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 estimated to be approximately HK\$23.4 million.

Underwriters' interests in the Company

Save for its interests and obligations under the Underwriting Agreement and save as disclosed in this prospectus, none of the Sponsor, the Lead Manager, the Co-Managers and the Underwriters or any of its directors, employees or 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.

Compliance Adviser's agreement

Under a compliance adviser's agreement dated 23 January 2017 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 2019, or until the agreement is terminated, whichever is earlier.

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. Save for the advisory and documentation fees to be paid to Messis Capital as the Sponsor to the Placing, 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

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its close 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).

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.