
UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Bookrunner

Pacific Foundation Securities Limited

Joint Lead Managers

Grand Vinco Capital Limited
Pacific Foundation Securities Limited

Co-Managers

Kingsway Financial Services Group Limited
Shenyin Wanguo Capital (H.K.) Limited

Public Offer Underwriters

Grand Vinco Capital Limited
Pacific Foundation Securities Limited

Kingsway Financial Services Group Limited
Shenyin Wanguo Capital (H.K.) Limited

PUBLIC OFFER UNDERWRITING ARRANGEMENTS

Public Offer

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

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Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Bookrunner (for itself and on behalf of the other Public Offer Underwriters) has the right, in its sole and absolute discretion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement if it sees fit upon the occurrence of, but not limited to any of the following events:

- (a) there has come to the notice of the Joint Lead Managers:
 - (i) that any statement contained in this prospectus or the Application Forms, considered by the Bookrunner and/or the Sole Sponsor (for itself and on behalf of the other Public Offer Underwriters) in its/their sole and absolute opinion to be material in relation to the Share Offer, was, when the same was issued, or has become, untrue, incorrect or misleading in any respect or that any forecasts, expressions of opinion, intention or expectation expressed in the web proof information pack, this prospectus and/or the Application Forms and/or any announcements issued by our Company in connection with the Share Offer (including any supplement or amendment thereto), was, when it was made, not honestly made in any respect; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a misstatement in a material respect or a material omission therefrom as considered by the Bookrunner (for itself and on behalf of the other Public Offer Underwriters) in its sole and absolute opinion to be material to the Share Offer; or
 - (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Agreement (other than on any of the Underwriters); or
 - (iv) any breach, considered by the Bookrunner (for itself and on behalf of the other Public Offer Underwriters) in its sole and absolute opinion to be material in the context of the Share Offer, of any of the representations, warranties and undertakings given by our Company, our Executive Directors and Controlling Shareholders contained in the Public Offer Underwriting Agreement to be untrue, incorrect, inaccurate or misleading in any respect; or
 - (v) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any members of our Group which is considered by the Bookrunner (for itself and on behalf of the Public Offer Underwriters) in its sole and absolute opinion to be material in the context of the Share Offer; or

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- (vi) approval by the Listing Committee of the listing of, and permission to deal in, the Shares 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
 - (vii) our Company withdraws this prospectus and the Application Forms (and/or any other documents used in connection with the contemplated subscription and sale the Offer Shares) or the Share Offer; or
 - (viii) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus and the Application Forms or to the issue of this prospectus and the Application Forms; or
 - (ix) other than with the approval of the Bookrunner, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus and the Application Forms (or to any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies Ordinance, the Listing Rules, the SFO or any other applicable laws, or any requirement or request of the Stock Exchange and/or the SFC where the matter to be disclosed is, in the sole and absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters), materially adverse to the marketing or implementation of the Share Offer; or
 - (x) any prohibition on our Company by a governmental authority for whatever reasons from offering, allotting, issuing or selling of the Offer Shares pursuant to the terms of the Share Offer; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank 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 revaluation or devaluation of the Singapore dollars or Hong Kong dollars against any foreign currencies, respectively) in or affecting Hong Kong, China, the United States, Singapore, the Cayman Islands or any relevant jurisdiction (collectively, the “Relevant Jurisdictions” and individually, a “Relevant Jurisdiction”); or

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- (ii) any new law or regulation or any change or development involving a prospective change in 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 (whether or not covered by insurance or responsibility has been claimed) including, without limitation, acts of government, strikes, lock-outs, fire, explosions, flooding, earthquakes, epidemics, pandemics, outbreaks of infections, diseases, Severe Acute Respiratory Syndrome (SARS) and Influenza A (H5N1) and any related or mutated forms of infectious diseases, civil commotions, economic sanctions, public disorder, social or political crises, acts of war, acts of terrorism, acts of God, accidents or interruptions or delays in transportation in or affecting any Relevant Jurisdiction; or
- (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 Relevant Jurisdiction; or
- (v) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the Tokyo Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange or (B) a general moratorium on commercial banking activities in New York, London, Tokyo, Hong Kong, the PRC, Singapore or the Cayman Islands declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or
- (vi) any change or development involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (viii) any litigation, legal action or claim being threatened or instigated against any member of our Group; or
- (ix) the commencement by any governmental, law enforcement agency, regulatory or political body or organisation of any action against any Director or any member of our Group or an announcement by any governmental, law enforcement agency, regulatory or political body or organisation that it intends to take any such action; or

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- (x) any 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 our Company vacating his position that leads to the circumstances where the operations of our Group will be materially and may, in the sole and absolute discretion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters), be adversely affected; or
- (xii) an 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 assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) or any aspect of the Share Offer with the Listing Rules, the Articles of Association, the Companies Ordinance, the Companies Law, the SFO or any other applicable Laws by any of the warrantors under the Public Offer Underwriting Agreement; or
- (xiv) a valid demand by any creditor for repayment or payment of any indebtedness of our Company or any member of our Group or in respect of which our Company or any member of our Group is liable prior to its stated maturity; or
- (xv) any change or development involving a prospective change, or a materialisation of, any of the risk factors set out in the section headed “Risk factors” in this prospectus,

which in each case in the sole and absolute opinion of the Bookrunner (for itself and on behalf of the other Public Offer Underwriters):

- (1) is or will or could be expected to have an adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of our Company or our Group as a whole; or
- (2) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
- (3) makes it impracticable, inadvisable or inexpedient for the Share Offer to proceed or to market the Share Offer or shall otherwise result in an interruption to or delay thereof; or

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- (4) has or will have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to the Share Offer it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, 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 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, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of our Company.

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Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (i) When it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) When it receives indications, either verbal or written, from the pledgee or chargee any Shares that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken with each of the Joint Lead Managers, the Bookrunner, the Sole Sponsor, the Co-Managers and the Public Offer Underwriters that, except pursuant to the Share Offer and the Capitalisation Issue, we will not, and will procure our subsidiaries will not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Public Offer Underwriting Agreement and ending on the date which is six months after the Listing Date (the “First Six-Month Period”):

- (a) offer, accept subscription for, pledge, charge, allot, 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 option, right or warrant 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 our share capital or other securities of our Group 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
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other securities of our Group or any interest therein; or
- (c) enter into any transaction with the same economic effect as any of the above transactions; or

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- (d) offer to or agree to do any of the foregoing or publicly announce any intention to do so.

In each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the First Six-month Period (the “Second Six-month Period”), our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally agreed and undertake with each of the the Sole Sponsor, the Joint Lead Managers, the Bookrunner, the Co-Managers and the Public Offer Underwriters that, except pursuant to the Share Offer and the Capitalisation Issue, none of our Controlling Shareholders will, and will procure that none of their relevant registered holder(s) and associates will, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the Listing Rules,

- (a) at any time during the First Six-Month Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein whether now owned or hereinafter acquired, directly or indirectly by any of our Controlling Shareholders (including holding as a custodian) or with respect to which any of our Controlling Shareholders has beneficial interest;
 - (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 the shares or other securities or any interest therein; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
 - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above, whether any such transaction described in paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; and

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- (b) at any time during the Second Six-Month Period, each of our Controlling Shareholders will not enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above if, immediately following such transaction, it will cease to be a controlling shareholder (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that any of our Controlling Shareholders enters or agrees or contracts to or publicly announces an intention to enter into the foregoing transactions above, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (i) When it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) When it receives indications, either verbal or written, from the pledgee or chargee any Shares that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

PLACING

In connection with the Placing, our Company and the Selling Shareholder will enter into the Placing Agreement with, *inter alia*, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above. Under the Placing Agreement, the Placing Underwriters will severally agree to subscribe and/or purchase or procure subscribers and/or purchasers for the Placing Shares being offered pursuant to the Placing.

Potential investors should note that if the Placing Agreement is not entered into or is terminated, the Share Offer will not proceed.

COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 3.0% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission *praecipium* and selling concessions will be paid.

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The underwriting commissions, documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Share Offer which are estimated to be approximately HK\$17 million in total, based on the Offer Price of HK\$0.50 per Share, and approximately 93% is payable by our Company, and the remaining approximately 7% is payable by the Selling Shareholder with reference to the number of Sale Shares sold by it under the Share Offer.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations under the Underwriting Agreement, none of the Underwriters was interested, directly or indirectly, in any shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of our Group.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.