
UNDERWRITING

UNDERWRITERS

The Public Offer Underwriters

Lead Manager

Celestial Capital

Co-Managers

Berich Brokerage Limited

Cinda International Securities Limited

Grand Vinco Capital Limited

SBI E2-Capital (HK) Limited

The Placing Underwriter

Lead Manager

Celestial Capital

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

The Public Offer Underwriting Agreement

Pursuant to the Public Offer, our Company is offering 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 the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares to be offered as mentioned herein and to certain other conditions set out in the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with its terms, the Public Offer Underwriters have agreed severally but not jointly to subscribe or procure subscribers for, their respective applicable proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for termination

The respective obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement may be terminated by the Lead Manager (for itself and on behalf of the Public Offer Underwriters), in its sole and absolute opinion, with immediate effect by written

UNDERWRITING

notice to our Company and the Public Offer Underwriters if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
 - i. any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings of any governmental authority (“**Laws**”) or any change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority of BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
 - ii. any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national or international financial, political, military, industrial, economic, currency exchange rates, exchange control, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including but not limited to conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
 - iii. any suspension or limitation on trading in shares or securities generally on the New York Stock Exchange, the Stock Exchange, Tokyo Stock Exchange, the London Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or a disruption has occurred in securities settlement, payment or clearance services or procedures in or affecting BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
 - iv. a change or development occurs involving a change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations or currency exchange rates in BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
 - v. any change or development involving a prospective change in the condition, financial or otherwise, or in the earnings, business affairs, business prospects or trading position of our Company or any member of our Group, or customer confidence or sales of our Group’s products, including any action, suit, proceeding, litigation or claim of any third party being threatened or instigated against our Company or any member of our Group, or a request of product withdrawal from the market by a government department or authority; or

UNDERWRITING

- vi. any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk factors” of this prospectus; or
- vii. any moratorium on or disruption in banking activities or foreign exchange trading or settlement or clearance services in or affecting BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
- viii. any outbreak or escalation of hostilities (whether or not war is or has been declared) or act for terrorism or other state of emergency or calamity or wide-spread epidemic or political or social crisis involving directly or indirectly BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union, Japan or any escalation thereof, or the declaration by BVI, Hong Kong, PRC, the US, the United Kingdom, the European Union or Japan of a national emergency or war; or
- ix. any event of force majeure, including without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, earthquake, explosion, outbreak of disease or epidemic, terrorism (whether or not responsibility has been claimed), labour dispute, strike or lock-out involving directly or indirectly BVI, Hong Kong, the PRC, the US, the United Kingdom, the European Union or Japan; or
- x. the imposition of any economic sanctions, in whatever form, directly or indirectly, by Japan, the US, the United Kingdom, the European Union (or any member thereof), Hong Kong, PRC or any other relevant jurisdictions; or
- xi. a Director being charged or indicted or retained with an indictable offence or prohibited by operation of law or otherwise disqualified from directorship,

which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters):

- (A) is or may be or is likely to be materially adverse to or materially or prejudicially affect, the operations, business, financial or other condition or prospects of our Company or our Group or, in the case of paragraph (a)(iv), to any present or prospective Shareholder of our Company in his/her/its capacity as such; or
- (B) has or might have or is likely to have a material adverse effect on the success of the Public Offer, the Placing or the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
- (C) makes or will or may make it inadvisable, inexpedient, impracticable or not commercially viable to proceed with or to market the Public Offer, the Placing or the Share Offer, or for a material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing

UNDERWRITING

or the Share Offer to be performed or implemented or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus;
or

- (b) there comes to the notice of the Lead Manager any matter or event showing any of the warranties given by our Company and our Controlling Shareholders in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect which is or, in the sole and absolute opinion of the Lead Manager, likely to be, material in the context of the Share Offer when given or repeated; or
- (c) there comes to the notice of the Lead Manager any breach on the part of our Company or our Controlling Shareholders of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
- (d) any matter has arisen or has been discovered which would, had it arisen before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission therefrom; or
- (e) any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by our Company in connection with the Share Offer (including any supplement or amendment thereto) was, has or may become untrue, incorrect or misleading in any material respect; or
- (f) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of a material nature of our Group pursuant to the indemnities referred to in the Public Offer Underwriting Agreement; or
- (g) 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 which demand has or could reasonably be expected to have a material adverse effect on our Group taken as a whole; or
- (h) a petition is presented for the winding-up or liquidation of our Company or any member of our Group or our Company 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 our Company or any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any member of our Group or anything analogous thereto occurs in respect of our Company or any member of our Group, which in the sole and absolute opinion of the Lead Manager, may or is likely to be material in the context of the Share Offer provided that the Lead Manager shall, to the extent practicable, seek to consult with our Company on the effect of any such development.

UNDERWRITING

The Placing

In connection with the Placing, our Company, the Selling Shareholder, our Controlling Shareholders and the Placing Underwriter entered into the Placing Underwriting Agreement, the terms of which are substantially similar to those of the Public Offer Underwriting Agreement.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriter has agreed to purchase or procure purchasers for the Placing Shares initially being offered pursuant to the Placing. The Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement.

Commissions and expenses

The Public Offer Underwriters will receive an underwriting commission of 3.25% on the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer, out of which they will pay any sub-underwriting commission. The Placing Underwriter will receive an underwriting commission of 3.25% on the aggregate Offer Price of the Placing Shares initially offered under the Placing. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Lead Manager and the Placing Underwriter (but not the Public Offer Underwriters).

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$25.6 million (based on the Offer Price of HK\$0.80) and will be payable by us, save for the commission relating to the Sales Shares sold by the Selling Shareholder pursuant to the Placing together with the brokerage, SFC transaction levy, Stock Exchange trading fee and stamp duty attributable to or arising in connection with the sale and transfer of the Sale Shares will be borne by the Selling Shareholder.

UNDERTAKINGS PURSUANT TO UNDERWRITING AGREEMENTS

We have undertaken to the Sponsor, the Bookrunner, the Lead Manager, and each of the Public Offer Underwriters and the Placing Underwriter that except pursuant to the Share Offer and the Share Option Scheme and unless in compliance with the requirements of the Listing Rules, we shall not at any time from the date of the Public Offer Underwriting Agreement or the date of the Placing Underwriting Agreement (as the case may be) and until the expiry of six months from the Listing Date (“**First Period**”), (a) offer, accept subscription for, pledge, charge, allot, issue, lend, sell, 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, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the Shares 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 of the Shares or securities of our Company or any interest therein) or (b) enter into any

UNDERWRITING

swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or securities of our Company or any interest therein, whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities of our Company, in cash or otherwise; or in the event of an issue or disposal of any Shares or securities of our Company or any interest therein after the date falling six months after the Listing Date, we will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the Shares.

Each of our Controlling Shareholders has jointly and severally undertaken to each of us, the Sponsor, the Bookrunner, the Lead Manager, and each of the Public Offer Underwriters and the Placing Underwriter that

- (a) at any time during the First Period, he/she/it will not and will procure that none of his/her/its associates (as defined in the Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it will, except pursuant to the Share Offer and the Share Option Scheme, where applicable, and unless in compliance with the requirements of the Listing Rules, (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 or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares, debt capital or other securities of our Company or any interest therein held by him/her/it (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 Shares or other securities of our Company or any interest therein) as of the Listing Date 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 such Shares or securities of our Company or any interest therein as of the Listing Date, whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities of our Company, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;
- (b) during the period of six months commencing on the date on which the First Period expires (“**Second Period**”), he/she/it will not and will procure that none of his/her/its associates (as defined in the Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it will, without the prior written consent of the Lead Manager (on behalf of the Public Offer Underwriters and the Placing Underwriter) and unless in compliance with the requirements of the Listing Rules, (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 or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares, debt capital or other securities of our Company or any interest therein held by him/her/it (including but not limited to any securities that are convertible into or exercisable or exchangeable for or that represent the right to receive, any

UNDERWRITING

such Shares or such other securities of our Company or any interest therein) as of the Listing Date 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 such Shares or securities of our Company or any interest therein as of the Listing Date, whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities of our Company, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so if, immediately following such transaction, it will result in our Controlling Shareholders and/or any companies controlled by him/her/it or his/her/its nominee or trustee ceasing to be a controlling shareholder (as defined in the Listing Rules) of our Company;

- (c) in the event of a disposal by him/her/it of any of the Shares or securities of our Company or any interest therein during the Second Period, he/she/it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company;
- (d) at any time within the period commencing on the date of the Public Offer Underwriting Agreement or the date of the Placing Underwriting Agreement (as the case maybe) and ending on the date which is twelve months after the Listing Date:
 - i. upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities of our Company or interests in the Shares or securities of our Company beneficially owned by him/her/it for a bona fide commercial loan, immediately inform us and the Lead Manager in writing of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and
 - ii. upon any indication received by him/her/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities of our Company or interests in the Shares or securities of our Company will be disposed of, immediately inform us and the Lead Manager in writing of such indications.

UNDERWRITING

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to our Company, the Stock Exchange, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) that, save as pursuant to the Share Offer, they will not and will procure the relevant registered holder not to:

- (i) in the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date (“**First Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (or any interest therein) in respect of which they are shown in this prospectus to be the beneficial owner immediately after completion of the Share Offer; and
- (ii) in the period of six months commencing on the date falling the expiration of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Shares (or any interest therein) in respect of which they are shown in 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, taken as a whole would cease to be our Controlling Shareholders.

Pursuant to note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have also undertaken to our Company and the Stock Exchange that, within 12 months from the Listing Date, they will:

- (i) when they or the registered owner pledge or charge any securities or interests in the securities of our Company beneficially owned by them, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when they receive indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as practicable after it has been informed of the matters referred to in (i) or (ii) above by our Controlling Shareholders and disclose such matters by way of an announcement in compliance with the Listing Rules.

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that save in connection with the Share Offer or the Share Option Scheme, no further Shares or securities convertible into equity securities of our Company will be issued by us, or form the subject of any agreement by us 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 permitted pursuant to Rule 10.08 of the Listing Rules.

UNDERWRITING

SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

Celestial Capital satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sponsor will receive from the Company a sponsor fee. The Lead Manager and the other Underwriters will receive an underwriting commission of 3.25% of the aggregate Offer Price payable for the Offer Shares, particulars of which are set forth under the paragraph headed "Commissions and expenses" in this section.

None of the Lead Manager and the Underwriters is interested legally or beneficially in Shares of our Company or any of its subsidiaries 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 of its members nor any interest in the Share Offer.