
UNDERWRITING

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Public Offer Underwriters

WAG Worldsec Corporate Finance Limited
6th Floor, New Henry House
10 Ice House Street
Central
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Luen Fat Securities Company Limited
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UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offering

Public Offer Underwriting Agreement

Pursuant to the Public Offering, the 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 in issue and to be issued as mentioned herein and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed severally to subscribe or procure subscribers for (as the case may be) their respective applicable proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offering on the terms and subject to the conditions of this prospectus, the application forms and the Public Offer Underwriting Agreement.

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The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been executed and becoming unconditional and not having been terminated.

Grounds for termination

If, in the sole and absolute discretion of the Sponsor, any of the following events occurs at or prior to 8:00 a.m. on the Listing Date, then the Sponsor (for itself and on behalf of the Public Offer Underwriters) may, at its sole and absolute discretion, upon giving notice in writing to the Company (with a copy of such notice to Luen Fat and each of the Public Offer Underwriters) in accordance with the Public Offer Underwriting Agreement, terminate the Public Offer Underwriting Agreement with immediate effect:

1. there has come to the notice of the Sponsor:
 - (i) that any statement contained in, inter alia, this prospectus and the Application Forms, was, when it was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecast, expression of opinion, intention or expectation expressed therein is not, in the sole and absolute opinion of the Sponsor, in all respects fair and honest and based on reasonable assumptions, when taken as a whole; 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 an omission therefrom; or
 - (iii) any breach of any of the obligations imposed upon any party (other than the Sponsor, Luen Fat or any Public Offer Underwriters) to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than on the part of the Sponsor, the Luen Fat or any of the Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the “Warrantors” named in the Public Offer Underwriting Agreement pursuant to the indemnity provision in the Public Offer Underwriting Agreement; or
 - (v) any change or development involving a prospective change in the conditions, assets, liabilities, business affairs, prospects, profits, losses, the risks relating to or the financial or trading position or performance of any member of the Group (each a “Group Company”); or
 - (vi) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties contained in the Public Offer Underwriting Agreement; or

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- (vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (viii) the Company withdraws, inter alia, this prospectus (and any other documents used in connection with the Offering) or the Offering; or
 - (ix) any person (other than the Sponsor, Luen Fat and any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus or any other documents used in connection with the Offering, or to the issue of any of such documents.
2. there shall develop, occur, exist or come into effect:
- (i) any event, or series of events beyond the reasonable control of the Public Offer Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics including Severe Acute Respiratory Syndrome, pandemic influenza, avian influenza (including H5N1), influenza A (H1N1) or such related or mutated forms, or interruption or delay in transportation); 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, regional, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including without limitation any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar or RMB against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures in or affecting Hong Kong or anywhere in the world); or

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- (iii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any public regulatory, taxing, administrative or governmental agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of all relevant jurisdictions, including (without limitation) Hong Kong, the Cayman Islands, the British Virgin Islands, the United States, Macau and the PRC (as the case may be) (“Laws” and “Law” includes any one of them) 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 in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any of its members) or any other jurisdictions relevant to any Group Company (the “**Specific Jurisdictions**”); or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York state level or otherwise), the United Kingdom, the European Union (or any of its members), Japan or the PRC or a material disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions; or
- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States or the European Union (or any member thereof) on any of the Specific Jurisdictions; or
- (vi) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws in any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (vii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (viii) any litigation or claim of any third party being threatened or instigated against any Group Company or any “Warrantors” named in the Public Offer Underwriting Agreement; or

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- (ix) 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
- (x) the chairman or chief executive officer of the Company vacating his office; or
- (xi) the commencement by any governmental, regulatory or political body or organisation of any public action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xii) a contravention by any Group Company of the Companies Ordinance or any of the Listing Rules or the applicable Laws; or
- (xiii) a prohibition on the Company or the Selling Shareholder for whatever reason from allotting or selling the Offer Shares to be offered pursuant to the terms of the Offering; or
- (xiv) non-compliance of, inter alia, this prospectus, (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Offering with the Companies Ordinance, the Listing Rules or any other applicable Law; or
- (xv) other than with the approval of the Sponsor and Luen Fat, the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules; or
- (xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or
- (xvii) any loss or damage sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xviii) a petition or an order is presented for the winding-up or liquidation of any Group Company or the Selling Shareholder, or any Group Company or the Selling Shareholder makes any composition or arrangement with its creditors or enters into a scheme of arrangement, or any resolution is passed for the winding-up of any Group Company or the Selling Shareholder, or a provisional

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liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or the Selling Shareholder, or anything analogous thereto occurs in respect of any Group Company or the Selling Shareholder,

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

- (a) 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 or risks of the Company or the Group or any Group Company or on any present or prospective Shareholder in his, her or its capacity as such; or
- (b) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Offering or the level of applications under the Public Offering or the level of interest under the Placing; or
- (c) makes it inadvisable, inexpedient or impracticable for the Offering to proceed or to market the Offering; or
- (d) would have the effect of making any part of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (including underwriting) or any agreement between the Public Offer Underwriters and the Placing Underwriters incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Offering or pursuant to the underwriting thereof.

The Company undertakes to each of the Sponsor, Luen Fat and the Public Offer Underwriters that, and each of the executive Directors and the Controlling Shareholders has undertaken to procure that, inter alia, the Company and Selling Shareholder will comply in all respects with the terms and conditions of the Offering and, in particular, without limitation, except pursuant to the Offering, the Over-allotment Option and the exercise of options granted under the Pre-IPO Share Option Scheme or with the prior written consent of the Sponsor and Luen Fat (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, the Company will not, and will procure that its subsidiaries will not, allot or issue, or agree to allot or issue, Shares or other securities of the Company (including warrants or other convertible or exchangeable securities), or grant or agree to grant any options, warrants or other rights to subscribe for Shares or securities that are convertible or exchangeable into

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Shares or other securities of the Company, or repurchase Shares or other securities of the Company, or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence or benefit of ownership of any Shares, or offer to or agree to do any of the foregoing or announce any intention to do so during the six months immediately following the Listing Date, and in the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six months period after the Listing Date, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

Each of the executive Directors has jointly and severally undertaken to each of the Sponsor, Luen Fat, the Company and the Public Offer Underwriters under the Public Offer Underwriting Agreement that:

- (i) during the period commencing the date of this prospectus and ending on the date which is six months from the Listing Date, he shall not, and shall procure that the relevant registered holder(s) and his associates and companies controlled by him and any nominee or trustee holding in trust for him shall not, without the prior written consent of the Sponsor and unless as a result of any exercise of the Over-allotment Option, or pursuant to the Placing or to any securities lending arrangements to be entered into with Luen Fat in connection with the Offering as contemplated in, inter alia, this prospectus, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge (except permitted under the Public Offer Underwriting Agreement), 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, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities of the Company as disclosed in this prospectus or any of its associates or companies controlled by him or any nominee or trustee holding in trust for him (the “Relevant Securities”); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or benefit of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above; and

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- (ii) he shall, and shall procure that his associates and companies controlled by and nominees or trustees holding in trust for him shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him or by the registered holder controlled by him of any Shares.

Each of Daniel Kearney, Lee Ming Wai David and Kingdom Right Limited has also separately given the abovesaid undertaking to the Company, the Sponsor, Luen Fat and the Public Offer Underwriters.

Each of the Controlling Shareholders has jointly and severally undertaken to each of the Sponsor, Luen Fat, the Company and the Public Offer Underwriters under the Public Offer Underwriting Agreement that:

- (i) during the period commencing the date of this prospectus and ending on the date which is six months from the Listing Date (the “First Period”), she/it shall not, and shall procure that the relevant registered holder(s) and her/its associates and companies controlled by her/it and any nominee or trustee holding in trust for her/it shall not, without the prior written consent of the Sponsor and unless as a result of any exercise of the Over-allotment Option, or pursuant to the Placing or to any securities lending arrangements to be entered into with Luen Fat in connection with the Offering as contemplated in, inter alia, this prospectus, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge (except permitted under the Public Offer Underwriting Agreement), 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, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities of the Company as disclosed in this prospectus to be beneficially owned by her/it or any of her/its associates or companies controlled by her/it or any nominee or trustee holding in trust for her/it (the “Controlling Shareholders’ Relevant Securities”); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or benefit of ownership of the Controlling Shareholders’ Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above;

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- (ii) she/it shall not, and shall procure that the relevant registered holder(s) and her/its associates or companies controlled by her/it and any nominee or trustee holding in trust for her/it shall not, without the prior written consent of the Stock Exchange in the six-month period commencing on the expiry of the First Period set out in paragraph (i) above (the “Second Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Controlling Shareholders’ Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or would together with the other Controlling Shareholders cease to be a controlling shareholder (as defined in the Listing Rules) of the Company;
- (iii) in the event of a disposal of any Shares or securities of the Company or any interest therein within the Second Period, she/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of the Company; and
- (iv) she/it shall, and shall procure that her/its associates and companies controlled by and nominees or trustees holding in trust for her/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by her/it or by the registered holder controlled by her/it of any Shares.

Each of the Controlling Shareholders and executive Directors has further undertaken under the Public Offer Underwriting Agreement (and each of Daniel Kearney, Lee Ming Wai David and Kingdom Right Limited has separately undertaken) to each of the Company, the Sponsor, Luen Fat and the Public Offer Underwriters that, within 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 which is 12 months from the Listing Date, it will:

- (i) when it pledges or charges any securities or interests in the Relevant Securities or the Controlling Shareholders’ Relevant Securities (as the case may be) beneficially owned by it in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform the Company, the Sponsor and Luen Fat in writing of such pledges or charges (as the case may be) together with the number of Shares or securities and nature of interest so pledged or charged; and

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- (ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company, the Sponsor and Luen Fat in writing of such indication.

The Company will inform the Stock Exchange as soon as the Company has been informed of the above matters (if any) by any of the Controlling Shareholders and the executive Directors and disclose such matters by way of an announcement.

The Placing

In connection with the Placing, it is expected that, inter alia, the Company, the Selling Shareholder and the Placing Underwriters will enter into the Placing Underwriting Agreement. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe and/or procure subscribers to acquire all the Shares to be sold in the Placing.

The Company is expected to grant to the Placing Underwriters the Over-allotment Option, exercisable in whole or in part from time to time by Luen Fat in its discretion and on behalf of the Placing Underwriters within 30 days from the last date for lodging applications under the Public Offering, to require the Company to issue up to an aggregate of 15,750,000 additional Shares, representing in aggregate 15% of the Offer Shares initially available under the Offering, at the same price per Share under the Placing for the purpose of covering over-allocations, if any, in the Placing.

Commission and expenses

The Public Offer Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Public Offer Shares reallocated to the Placing, the Company will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to Luen Fat and the relevant Placing Underwriters (but not the Public Offer Underwriters). The Sponsor will receive a sponsor's fee in relation to the Listing. For any Placing Shares reallocated to the Public Offering due to an over-subscription of the Public Offering (whilst the Placing is not undersubscribed), the Company will pay an underwriting commission, at the rate applicable to the Placing, to the Placing Underwriters under the Placing.

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The aggregate underwriting commissions and fees, together with listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Offering are estimated to amount to approximately HK\$34 million (assuming that the Over-allotment Option is not exercised) and will be payable by the Company as to approximately HK\$30 million and the Selling Shareholder as to approximately HK\$4 million. The Company will also pay for all commission and related fees and expenses in relation to any exercise of the Over-allotment Option.

Public Offer Underwriters' interests in the Company

Save for the Public Offer Underwriters' obligations under the Public Offer Underwriting Agreement and, if the Stock Borrowing Agreement is entered into, Luen Fat's interest thereunder and save as otherwise disclosed in this prospectus, none of the Sponsor, Luen Fat and the Public Offer Underwriters is legally or beneficially interested in any Shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of the Group or any interest in the Offering.

Sponsor's independence

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