
UNDERWRITING

THE BOOKRUNNER, LEAD MANAGER AND UNDERWRITER

Kingston Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering (i) the Public Offer Shares for subscription on and subject to the terms and conditions of this prospectus and the Application Forms relating thereto; and (ii) the Placing Shares for subscription by way of the Placing.

Pursuant to the Underwriting Agreement and subject to, among other conditions, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein not later than the Listing Date (or such later date as the Sponsor and the Lead Manager jointly may in their absolute discretion determine provided that it shall not be later than 30 days after the date of this prospectus), (i) the Public Offer Underwriter have severally agreed to apply, or procure applications, on the terms and conditions of this prospectus and the Application Forms relating thereto, for the Public Offer Shares now being offered and which are not taken up under the Share Offer; and (ii) the Placing Underwriter have severally agreed to arrange for subscribers for the Placing Shares.

Grounds for termination

The Sponsor and the Lead Manager (for themselves and on behalf of the Underwriter), acting jointly, may in their sole and absolute discretion upon giving notice in writing to the Company before 8:00 a.m. on the Listing Date (the “Termination Time”) terminate the Underwriting Agreement with immediate effect if prior to the Termination Time:

- (a) there comes to the notice of the Sponsor and the Lead Manager (for themselves and on behalf of the Underwriter) or they have causes to believe in their sole and absolute opinion that:
 - (i) any statement, considered by the Sponsor and the Lead Manager jointly in their sole and absolute opinion to be material, contained in this prospectus, the Application Forms and other documents in respect of the Share Offer was, when such documents were issued, or has become or been discovered to be, untrue, incorrect or misleading in any material respect; or
 - (ii) any matter has arisen or been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom considered by the Sponsor and the Lead Manager in their sole and absolute opinion to be material in the context of the Share Offer; or
 - (iii) any of the representations, warranties and undertakings in the Underwriting Agreement (save as disclosed in this prospectus) is misleading, untrue or inaccurate in any respect which the Sponsor and the Lead Manager in their sole and absolute opinion consider to be material in the context of the Share Offer; or

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- (iv) any of the obligations or undertakings expressed to be assumed by or imposed on any of the warrantors under the Underwriting Agreement has not been complied with or observed by any of the warrantors in any respect which the Sponsor and the Lead Manager in their sole and absolute opinion consider to be material in the context of the Share Offer; or
 - (v) any breach of any other provisions of the Underwriting Agreement which, in any such cases, is considered by the Sponsor and the Lead Manager in their sole and absolute opinion to be material in the context of the Share Offer; or
 - (vi) any event, act or omission which gives or is likely to give rise to a liability of any of the warrantors pursuant to the indemnities given under the Underwriting Agreement or any deed, undertaking or agreement referred to in this prospectus which the Sponsor and the Lead Manager in their sole and absolute opinion consider to be material in the context of the Share Offer; or
 - (vii) any information, matter or event considered by the Sponsor and the Lead Manager in their sole and absolute opinion which may lead to a material adverse change or prospective material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (viii) the breach by the Company, executive Directors or warrantors under the Underwriting Agreement, considered by the Sponsor and the Lead Manager in their sole and absolute opinion to be material, of any of the warranties under the Underwriting Agreement; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any event, or series of events, beyond the reasonable control of the Underwriter (including, but not limited to, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, economic sanctions, public disorder, riot, interruption or delay in transportation and outbreak of diseases or epidemic including, but not limited to, severe acute respiratory syndrome, avian influenza, human swine influenza and any related or mutated forms thereof); 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, fiscal, regulatory, market or economic conditions or matters and/or disaster or any monetary or trading settlement systems (including, without limitation, any moratorium or suspension on or material fluctuations in trading process of the securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or any of the stock exchanges in the United Kingdom, European Union or PRC, or a material fluctuation in the exchange rate of the HK dollar against any foreign currency, or a material revaluation of the HK dollar against the currency of the United States or the Renminbi against any foreign currency, or any interruption in securities settlement or clearance service or procedures in Hong Kong or anywhere in the world); or

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- (iii) any change or development involving a prospective change in the conditions of local, national or international securities or commodities markets (or in conditions affecting a sector only of such market) including, for the avoidance of doubt, any significant adverse change in index level or volume or turnover of any such markets; or
- (iv) any new law or change or development involving a prospective change in existing laws of any nature whatsoever or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in Bermuda, Hong Kong, the British Virgin Islands, the PRC or any other jurisdictions relevant to the Group (the “Relevant Jurisdictions”); or
- (v) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by or for the United States or the EU (or any member thereof) on any of the Relevant Jurisdictions; or
- (vi) any change or development involving a prospective change in taxation or exchange control (or the implementation of exchange control) or foreign investment laws in the Relevant Jurisdictions; or
- (vii) 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 the Company or any member of the Group, including any litigation or claim threatened or brought by any third party against the Company or any member of the Group; or
- (viii) 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 other competent authority) or other jurisdictions relevant to any member of the Group; or
- (ix) 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
- (x) any outbreak or escalation of hostilities (whether or not war is or has been declared) involving any of the Relevant Jurisdictions or any escalation thereof, or the declaration by any of the Relevant Jurisdictions of a national emergency or war; or
- (xi) a petition is presented for the winding up or liquidation of the Company or any member of the Group or the Company or any member of the 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 the Company or any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any member of the Group or anything analogous thereto occurs in respect of the Company or any member of the Group; or
- (xii) any event, act or omission which gives rise or is likely to give rise to any material liability of the Company pursuant to the indemnities contained in the Underwriting Agreement; or

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(xiii) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity; or

(xiv) any other change whether or not ejusdem generis with any of the foregoing,

and which, in each case, in the sole and absolute opinion of the Sponsor and the Lead Manager (for themselves and on behalf of the Underwriter), acting jointly:

- (A) is or will or is likely to be individually or in the aggregate materially adverse to the general affairs, business, financial or other condition or prospects of the Group or to any present or prospective shareholders of the Company in his capacity as such; or
- (B) has or will have or is likely to have a material adverse effect on the success, marketability or pricing of the Share Offer or level of the Offer Shares being applied for or accepted or the distribution of the Offer Shares; or
- (C) makes it inadvisable, inexpedient, impracticable or not commercially viable to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms and other documents in respect of the Share Offer.

Undertakings

The Company has undertaken to and agreed and covenanted with the Sponsor, the Lead Manager and the Underwriter and each of them that it shall not and shall procure that none of its subsidiaries will, and each of the executive Directors, the Controlling Shareholders has jointly and severally undertaken to and agreed and covenanted with the Sponsor, the Lead Manager and the Underwriter and each of them to procure that the Company will not, without the prior written consent of the Sponsor and the Lead Manager (for themselves and on behalf of the Underwriter) which they may withhold in their absolute discretion and the Stock Exchange, except pursuant to the Share Offer and the Capitalisation Issue:

- (a) at any time from the date of this prospectus up to and including the date falling six months after the Listing Date (the “First Six-Month Period”), allot, issue, agree to allot or issue any Shares or other securities of the Company or any shares or other securities of any subsidiaries of the Company, whether or not of a class already issued, or grant or agree to grant any options, warrants or other rights carrying the right to subscribe for, or otherwise convert into, or exchange of Shares or securities of the Company or any of the subsidiaries of the Company whether or not such issue or grant be completed or agreed to take effect or become unconditional within the First Six-Month Period; and
- (b) at any time during a further six-month period immediately following the expiry of the First Six-Month Period (the “Second Six-Month Period”), allot, issue, agree to allot or issue any Shares or other securities of the Company or any shares or other securities of any of the subsidiaries of the Company, whether or not of a class already issued, or grant or agree to grant any options, warrants or other rights carrying the right to subscribe for, or otherwise

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convert into, or exchange of any Shares or securities of the Company or any of the subsidiaries of the Company whether or not such issue or grant be completed or agreed to take effect or become unconditional within the Second Six-Month Period so as to result in the Controlling Shareholders taken together, would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

Each of the Controlling Shareholders has jointly and severally undertaken to and agreed and covenanted with the Company, the Sponsor, the Lead Manager and the Underwriter and each of them that:

- (a) it shall not, and shall procure that none of the relevant registered holder(s), its associates or companies controlled by it or nominees or trustees holding in trust for it shall, during the First Six-Month Period, sell, transfer or enter into any agreement to sell, transfer or otherwise dispose of (including, without limitation, the creation of any option, charge, encumbrance or other right over), save pursuant to a pledge or charge as security for a bona fide commercial loan, any Shares or securities of the Company (to the extent that any of the Controlling Shareholders is shown in this prospectus to be, directly or indirectly the beneficial owner(s) of such Shares) owned by it or the relevant company, nominees or trustees (including any interest in any shares in any company controlled by it which is, directly or indirectly, the beneficial owner of any of the Shares) (the “Relevant Securities”); and
- (b) it shall not, and shall procure none of the relevant registered holder(s) and its associates or companies controlled by it or any nominees or trustees holding in trust for it shall, during the Second Six-Month Period, sell, transfer or enter into any agreement to sell, transfer or otherwise dispose of (including, without limitation, the creation of any option, charge, encumbrance or other right over), save pursuant to a pledge or charge as security for a bona fide commercial loan, any of the Relevant Securities, if immediately following such transfer, disposal or creation of rights, the Controlling Shareholders either individually would directly or indirectly cease to be interested in less than 15% of the issued Shares or taken together would directly or indirectly cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company.

Each of the Controlling Shareholders has jointly and severally further undertaken to and agreed and covenanted with the Company that during the First Six-Month Period and the Second Six-Month Period:

- (a) if it pledges or charges any securities or interests in the securities of the Company beneficially owned or controlled by it, it shall forthwith thereafter give written notice to the Company of such pledge or charge together with the number and class of securities so pledged or charged and the purpose for which the pledge or charge is made; and
- (b) when it is aware of or receives indications, either verbal or written, from the pledgee or chargee that any of such pledged or charged securities or interests in the securities of the Company will be disposed of, it shall immediately thereafter give written notice to the Company of such indications and details of such disposal,

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and the Company has undertaken to and agreed and covenanted with the Sponsor, the Lead Manager and the Underwriter to immediately inform the Stock Exchange the pledges, the charges or the said indications and publish a press announcement thereof as soon as possible upon receipt of the notification from any of the Controlling Shareholders.

Commission and expenses

The Underwriter will receive a commission of 2.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commission. In addition, the Sponsor will receive a financial advisory and documentation fee. The underwriting commission, financial advisory and documentation fee, Stock Exchange listing fees, legal and other professional fees together with applicable printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$12.6 million in total of which the Company shall bear such fees.

Underwriter's interest in the Company

Save for their respective interests and obligations under the Underwriting Agreement, none of the Underwriter is interested in any shares in any member of the Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

MINIMUM PUBLIC FLOAT

The Company and the Directors will ensure that a minimum of 25% of the total issued Shares will be held by the public after the completion of the Share Offer and the Capitalisation Issue.