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## UNDERWRITING

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### UNDERWRITER

Pacific Foundation Securities Limited

### UNDERWRITING ARRANGEMENTS, COMMISSIONS AND EXPENSES

#### Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the New Shares for subscription and Aperto Investments Limited is offering the Sale Shares for purchase by way of Placing, on and subject to the terms and conditions in the Underwriting Agreement and this prospectus, at the Placing Price.

Subject to, among other conditions, the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Underwriting Agreement, the Underwriter has agreed to subscribe for and/or purchase or procure subscribers and/or purchasers to subscribe for and/or purchase the Placing Shares on the terms and conditions of the Placing.

#### Grounds for termination

The Lead Manager (for itself and on behalf of the Underwriter) shall have the absolute right to terminate the Underwriting Agreement by giving notice in writing to the Company (for itself and on behalf of Aperto Investments Limited) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (“Termination Time”) if, at any time before the Termination Time:

- (A) (1) there is any material adverse change or prospective material adverse change (whether or not permanent) in the business or in the financial or trading position or prospects of the Company or any other member of the Group;
- (2) any event or series of events resulting or representing or likely to result in any material adverse change or development (whether or not permanent) in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory, equity or other financial market or other conditions, circumstances or matters shall have occurred, happened or come into effect;
- (3) any relevant new law or rule, guideline, regulation, opinion, notice, circular, order, judgment, decree or ruling of any court or any public, regulatory or governmental agency or authority (“Laws”) or change (whether or not forming part of a series of changes) in existing Laws or any change in the interpretation or application thereof by any court or any public, regulatory or governmental agency or authority of any relevant jurisdiction shall have been introduced or effected, which shall have any material adverse change in the business of the Company or any other member of the Group;

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- (4) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, the PRC, the Cayman Islands, the BVI or elsewhere, which shall have any material adverse change in the business of the Company or any other member of the Group;
- (5) any event, act or omission which gives rise to or is likely to give rise to any material liability of any of the Company, Aperto Investments Limited, Mr. Luk, Mr. Yue and the Controlling Shareholders (collectively the “Warrantors”) pursuant to the indemnity provided for in the Underwriting Agreement or any agreement referred to in this prospectus;
- (6) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by Hong Kong, the PRC, the Cayman Islands, the BVI or any other jurisdiction relevant to the Group, which shall have a material adverse change in the business of the Company or any other member of the Group;
- (7) any event, or series of events, beyond the control of the Underwriter (including without limitation to, any acts of God, acts of government, war, threat of war, riot, public disorder, civil commotion, fire, earthquake, tsunami, flooding, explosion, outbreak of diseases or epidemic (including but not limited to severe acute respiratory syndrome and H5N1 and such related or mutated forms), terrorism, strike or lockout) shall have occurred, happened or come into effect;
- (8) 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 crisis involving or affecting Hong Kong, the PRC, Macao, the Cayman Islands, the BVI or any other jurisdiction relevant to the Group;
- (9) the imposition or declaration of (i) any suspension or material limitation on dealings in shares or securities generally on the Stock Exchange, New York Stock Exchange, Inc., London Stock Exchange plc, Japan Stock Exchange, exchanges in the PRC or any other major international stock exchange for more than one trading day or (ii) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, the PRC, New York, London, Japan or any other jurisdiction;
- (10) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;
- (11) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person);
- (12) a petition is presented for the winding-up or liquidation of any member of the Group 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

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any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group;

- (13) 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 specific jurisdictions affecting an investment in the Shares; or
- (14) any change or development involving a prospective change in, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (15) a Director being charged with an indictable offence or prohibited by the operation of law or otherwise disqualified from taking part in the management of a company; or
- (16) the chairman or chief executive officer of the Company vacating his office; or
- (17) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (18) a contravention by any member of the Group of the Companies Ordinance or any of the GEM Listing Rules or any other applicable laws; or
- (19) a prohibition on the Company for whatever reason from allotting the Placing Shares pursuant to the terms of the Placing; or
- (20) non-compliance of the prospectus (and/or any other documents used in connection with the offering of the Placing Shares) or any aspect of the Placing with the GEM Listing Rules or any other laws applicable to the Placing; or
- (21) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus and/or any other offer documents pursuant to the Companies Ordinance, SFO or the GEM Listing Rules; or
- (22) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any Group Company is liable prior to its stated maturity; or
- (23) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person),

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which in each case or in aggregate in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Underwriter):

- (a) is or will or may individually or in the aggregate have a material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of the Company taken alone or the Group taken as a whole and/or, in the case of the ground set out in paragraph (A)(4) above, to any present or prospective shareholder in its capacity as such;
  - (b) has or will or may have a material adverse effect on the success of the Placing ; or
  - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Underwriting Agreement, the Placing to be performed or implemented as envisaged or (ii) to proceed with the Placing on the terms and in the manner contemplated in this prospectus in respect of the Placing; or
- (B) the Underwriter shall become aware of the fact that, or has cause to believe that:
- (1) any of the warranties given by the Warrantors pursuant to the Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Lead Manager (for itself and on behalf of the Underwriter) in its sole and absolute discretion;
  - (2) any statement contained in this prospectus in respect of the Placing was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus in respect of the Placing were to be issued at that time, constitute a material omission therefrom as determined by the Lead Manager (for itself and on behalf of the Underwriter) in its sole and absolute discretion; or
  - (3) there has been a breach in any material respect on the part of any of the Warrantors of any of the provisions of the Underwriting Agreement as determined by the Lead Manager (for itself and on behalf of the Underwriter) in its sole and absolute discretion; or
- (C) any event, which in the absolute opinion of the Lead Manager (for itself and on behalf of the Underwriter) makes it inadvisable or inexpedient to proceed with the Placing.

For the above purpose, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and any market fluctuations, whether or not within the normal range therefor, may be considered as a change of market conditions.

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### Undertakings

#### *Undertakings of the Controlling Shareholders*

Each of the Controlling Shareholders has jointly and severally undertaken to and covenanted with the Company, the Sponsor, the Lead Manager, the Sole Bookrunner, the Co-Manager and the Underwriter that he or it shall not and shall procure that his or its associates and the relevant registered holder(s) shall not (directly or indirectly):

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Company in respect of which he or it is shown by this prospectus to be the beneficial owner; or
- (b) within six months following the expiry of the period referred to in (a) above, dispose of, 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 (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances the Controlling Shareholders would, either individually or taken together with the others of them, cease to be a controlling shareholder (within the meaning defined in the GEM Listing Rules) of the Company.

Each of the Controlling Shareholders has also jointly and severally undertaken to and covenanted with the Company, the Sponsor, the Lead Manager, the Sole Bookrunner, the Co-Manager, the Underwriter and the Stock Exchange to comply with the following requirements:

- (i) in the event that the Controlling Shareholders directly or indirectly dispose of his, its or their interest in the relevant securities referred to in (a) above after the restriction under (a) above applicable to him or them lapses, all reasonable steps will be taken to ensure that such disposal will not create a false or disorderly market in the Shares;
- (ii) in the event that the Controlling Shareholders pledges or charges any direct or indirect interest in the relevant securities referred to in (a) above in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan 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 twelve months from the Listing Date, he or it or they must inform the Company, the Sponsor, the Lead Manager, the Sole Bookrunner, the Co-Manager and the Stock Exchange immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (iii) having pledged or charged any interest in securities under (ii) above, he or it or they must inform the Company immediately in the event that he or it or they become(s) aware that the pledgee or chargee has disposed of or intend(s) to dispose of such interest and of the number of securities affected.

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### *Undertakings of the Company*

The Company has undertaken to and covenanted with the Sponsor, the Lead Manager, the Sole Bookrunner, the Co-Manager and the Underwriter, and each of the Controlling Shareholders, Mr. Luk and Mr. Yue has undertaken to and covenanted with the Sponsor, the Lead Manager, the Sole Bookrunner, the Co-Manager and the Underwriter to procure that, save with the prior written consent of the Lead Manager (for itself and on behalf of the Underwriter) (such consent not to be unreasonably withheld or delayed) and subject always to the requirements of the Stock Exchange or save pursuant to the Placing, the grant of any option under the Share Option Scheme or the exercise of any option granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or any Capitalisation Issue or any consolidation, sub-division or capital reduction of Shares or by way of scrip dividend schemes or other similar arrangement in accordance with the Articles of Association and the GEM Listing Rules, the Company will not, (a) within six months from the Listing Date, issue or agree to issue any Shares or any other securities in the Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, any Shares or any other securities of Company; (b) within six months from the Listing Date purchase any Shares or any other securities of the Company; (c) at any time during the second six months period of the Listing Date, unless permitted by the GEM Listing Rules, issue any shares or securities in the Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into or exchange for Shares or securities in the Company so as to result in the Controlling Shareholders either individually or taken together with the others of them ceasing to be a controlling shareholder (within the meaning of the GEM Listing Rules) of the Company.

### **Commission and expenses**

The Lead Manager, the Co-Manager and the Underwriter will receive in aggregate a commission of 4% on the aggregate Placing Price of all the Placing Shares agreed to be taken up or procured to be taken up, out of which they will, as the case may be, pay any sub-underwriting commissions and selling concession (if any). The commissions, 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 approximately HK\$16.3 million (based on the Placing Price of HK\$0.375 per Placing Shares (being the mid-point of the indicative Placing Price range between HK\$0.25 and HK\$0.50 per Placing Share) of which 60% or approximately HK\$9.8 million will be borne by the Company and the remaining 40% or approximately HK\$6.5 million will be borne by Aperto Investments Limited.

When the Group pays these expenses on behalf of Aperto Investments Limited, it will be accounted for as payments on behalf of Aperto Investments Limited and will be recorded in the current account with Aperto Investments Limited. Such amount will be settled by offsetting against the gross proceeds received from the placement of Sale Shares by Aperto Investments Limited under the Placing.

Aperto Investments Limited shall be solely responsible for any fixed transfer duty, ad valorem seller's stamp duty in respect of the sale and transfer of the Sale Shares, the Stock Exchange trading fee and the SFC transaction levy in respect of the sale of the Sale Shares, where applicable.

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## UNDERWRITING

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### **Underwriter's interest in the Company**

Save for the obligations and the interests under the Underwriting Agreement as disclosed above, the Underwriter is not interested legally or beneficially 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 shares in any member of the Group.