

DATED this day of 18 October 2022

CHINA ZENITH CHEMICAL GROUP LIMITED
(中國天化工集團有限公司)
(as the Company)

and

KOALA SECURITIES LIMITED
(樹熊證券有限公司)
(as the Underwriter)

UNDERWRITING AGREEMENT

**relating to the Rights Issue of up to
397,355,377 Rights Shares in
CHINA ZENITH CHEMICAL GROUP LIMITED
(中國天化工集團有限公司)
at HK\$[0.20] per Rights Share payable in full on application
in the proportion of five (5) Rights Shares for every two (2) Shares
held on the Record Date**

THIS UNDERWRITING AGREEMENT is dated this day of 18 October 2022

BETWEEN:

- (1) **CHINA ZENITH CHEMICAL GROUP LIMITED** (中國天化工集團有限公司), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and having its registered office at Victoria Place, 5th Floor, 31 Vitoria Street, Hamilton, HM10, Bermuda and having been registered as a Non-Hong Kong Company with the Companies Registry of the Hong Kong Government with Company No. F0010983 and having its principal place of business in Hong Kong situate at Room 4007, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (the “**Company**”)

AND

- (2) **KOALA SECURITIES LIMITED** (樹熊證券有限公司), a company incorporated in Hong Kong with limited liability with Company No. 2191651 and having its registered office situate at Units 01-02, 13/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong and a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (“**SFO**”) (Chapter 571 of laws of Hong Kong) (the “**Underwriter**”)

WHEREAS:

- (A) The Company has its issued ordinary shares (the “**Shares**”) listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 362), and as at the juncture of execution of this Agreement, the Company has allotted and issued 3,014,560,978 Shares;
- (B) The Company adopted a share option scheme by approval of its shareholders on 20 December 2012 (the “**Share Option Scheme**”), and as at the date of execution of this Agreement, 99,135,542 share options previously granted by the Company under the Share Option Scheme remain outstanding;
- (C) As of the date of execution of this Agreement, the Company has outstanding Convertible Bonds (as defined below) in the amount of HK\$20,000,000, which 65,146,579 new Shares will be issued upon exercise of the conversion rights under the Convertible Bonds at the conversion price of HK\$0.307 per conversion Share which was adjusted on 6 January 2022;
- (D) The Company has determined by resolutions of its Board (as defined below) to conduct the Capital Reorganisation and the Rights Issue subject to the Capital Reorganisation becoming effective (both being defined below);
- (E) Upon completion of the Capital Reorganisation, the Company will have an authorised share capital of HK\$500,000,000 divided into 5,000,000,000 Adjusted Shares of HK\$0.1 each, of which 150,728,048 Adjusted Shares would

be allotted and issued;

- (F) Insofar as the Rights Issue is concerned, the Company contemplates to offer, subject to the fulfilment and satisfaction of the Conditions Precedent, a total of up to 397,355,377 new Adjusted Share(s) to be allotted and issued in respect of the Rights Issue (the “**Rights Shares**”) (assuming new Shares are allotted and issued on or before the Record Date (as defined below) pursuant to the full exercise of all Share Options (as defined below) and the full conversion of the Convertible Bonds but otherwise no other change in the share capital of the Company on or before the Record Date (as defined below)) for subscription by the Qualifying Shareholders (as defined below) by way of Rights Issue on the basis of five (5) Rights Shares for every two (2) Shares held by close of business on the Record Date at the Subscription Price (both being defined below) payable in full on application and otherwise on the terms and subject to the conditions set out in this Agreement and the Prospectus Documents (as defined below) (the “**Rights Issue**”);
- (G) The Underwriter is licensed by the SFC to carry on Regulated Activities Type 1 (dealing in securities) and Type 4 (advising on securities) under Central Entities No. BFI038 in accordance with the SFO; and
- (H) Subject to the Maximum Undertakings and the Appointment (both being defined below) and upon the terms and conditions hereinafter appearing and for the purposes of the Rights Issue, the Underwriter shall underwrite, on a best effort basis, up to 312,077,930 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options (as defined below) and/or pursuant to the conversion of the Convertible Bonds (as defined below) and no other change in the share capital of the Company on or before the Record Date), or up to 332,613,187 Rights Shares being the maximum total number of Rights Share issuable (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options and the full conversion of the Convertible Bonds but otherwise no other change in the share capital of the Company on or before the Record Date), excluding the Rights Shares which Mr. Chan (as defined below) will take up in accordance with the Irrevocable Undertaking (as defined below).

NOW IT IS HEREBY AGREED as follows:

1. **DEFINITIONS**

- 1.1 In this Agreement (including the Recitals hereto), unless the context otherwise requires, the following expressions have the following meanings:

“**Admission**” the grant by the Stock Exchange of the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Main Board of the Stock Exchange;

“**Admission Date**” the date when Admission occurs;

“Adjusted Shares”	ordinary share(s) of par value HK\$0.1 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective
“(this) Agreement”	this Underwriting Agreement and as revised, supplemented and/or amended from time to time in accordance with its terms;
“Announcement”	the announcement to be made by the Company concerning, among other things, the Rights Issue and the Capital Reorganisation substantially in the form of the draft announcement annexed hereto as the Exhibit (subject to such amendments as the Parties may agree in writing);
“Appointment”	to appoint Koala Securities Limited as the Underwriter of Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“Capital Reorganisation”	the proposed capital reorganisation involving (i) the share consolidation whereby every twenty (20) Shares will be consolidated into one (1) Consolidated Share; (ii) the capital reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid up capital of

the Company to the extent of HK\$1.9 on each of the then issued consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$2.0 to HK\$0.1; (iii) the share sub-division whereby each of the authorised but unissued Consolidated Shares will be divided into twenty (20) Adjusted Shares of HK\$0.1 each; (iv) the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and (v) the transfer of all the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda which will be applied to reduce the accumulated losses of the Company or be applied by the Board in any other manner in accordance with the bye-laws of the Company and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time);
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time);
“Companies Registry”	the Companies Registry of the Hong Kong Government;
“Conditions Precedent”	the conditions precedent for completion of the Rights Issue as set out in <u>Clause 2.1</u> ;
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$2.0 each in the issued and unissued share capital of the Company immediately upon the share consolidation

	becoming effective
“connected persons”	shall have the meaning ascribed to it in the Listing Rules;
“Convertible Bonds”	the convertible bonds in the outstanding principal amount of HK\$20,000,000 in aggregate issued by the Company to six individual and corporate subscribers on 13 November 2020
“Delegated Persons”	has the meaning as set out in <u>Clause 5.1</u> ;
“Director(s)”	the director(s) of the Company for the time being;
“Excess Application Form” or “EAF”	the form of application for Excess Rights Share(s) (as defined below) in the agreed form for use by such Qualifying Shareholders who wish to apply for any Excess Rights Share;
“Excess Rights Share(s)”	any Rights Share(s) provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall include any of the Rights Shares created from the aggregation of fractions of the Rights Shares and the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any);
“Excluded Shareholder(s)”	those Overseas Shareholders whose address is/are in such place(s) outside Hong Kong where the Directors, based on such enquiries made pursuant to <u>Clause 5.2</u> , consider it necessary or expedient on account of either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, to whom the Directors decide not to offer the Rights Shares;
“Shares”	has the meaning as set out in <u>Recital (A)</u> ,

being ordinary shares of par value of HK\$0.1 each in the share capital of the Company at the juncture of execution of this Agreement;

“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in July 2021 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature;
“Fee”	has the meaning as set out in <u>Clause 8.1</u> ;
“Group”	collectively, the Company and its subsidiaries;
“HK\$” or “HKD”	Hong Kong Dollar, the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China, and “Hong Kong Government” shall be interpreted and construed accordingly;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules;
“Irrevocable Undertaking”	the irrevocable undertakings given by Mr. Chan in favour of the Company dated 18 October 2022, pursuant to which Mr. Chan has irrevocably undertaken to the Company, among other things, to subscribe for 64,742,190 Rights Shares which will be

provisionally allotted to him nil-paid in respect of the 517,937,537 Shares legally and beneficially owned by him prior to the Capital Reorganisation (25,896,876 Adjusted Shares upon completion of the Capital Reorganisation), pursuant to the terms of the Prospectus Documents

“Last Trading Day”	18 October 2022, being the last trading day of the Shares on the Stock Exchange prior to the release of the Announcement;
“Latest Relevant Date”	5 December 2022 or such other day as may be agreed between the Parties in writing, being the latest date for lodging transfer of Shares in order to qualify for the Rights Issue;
“Latest Time for Acceptance”	4:00 p.m. on 29 December 2022 or such later time or date as may be agreed between the Parties in writing, being the latest time for acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares as described in the Prospectus Documents;
“Latest Time for Termination”	4:00 p.m. on 30 December 2022 or such later time or date as may be agreed between the Parties in writing, which shall be the latest time for termination of this Agreement;
“Listing Committee”	has the meaning as defined in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited;
“Maximum Undertakings”	the maximum number of Underwritten Shares to be unwritten by the Underwriters on a best effort basis;
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code;
“Mr. Chan”	Mr. Chan Yuen Tung, a substantial shareholder of the Company, who directly holds 517,937,537 Shares (representing

	17.18% of the issued share capital of the Company as at the date of this Agreement)
“Nil Paid Rights”	the nil-paid rights of Qualifying Shareholders to be allotted Rights Shares pursuant to the Rights Issue;
“Overseas Shareholders”	such Shareholders whose registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) is/are situate outside Hong Kong;
“Provisional Allotment Letter” or “PAL”	the provisional allotment letter in respect of the Rights Issue to be issued to the Qualifying Shareholders in respect to their pro rata entitlement under the Rights Issue;
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Shareholders in connection with the Rights Issue in such form as may be agreed between the Parties;
“Prospectus Documents”	the Prospectus, the PAL and the EAF;
“Prospectus Posting Date”	13 December 2022 or such other date as may be agreed between the Parties in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), the Prospectus only);
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules;
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders;
“Record Date”	12 December 2022 or such other date as may be agreed between the Parties in writing, being the date for the determination of the entitlements under the Rights Issue;

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited;
“Reimbursement”	has the meaning as set out in <u>Clause 8.1</u> ;
“Relevant Documents”	the Prospectus Documents (including any supplemental Prospectus) as well as any script and/or explanatory documents which may accompany the Prospectus Documents (including any supplemental Prospectus), the Announcement and any other documents, announcements or scripts issued by or with the approval of the Company in connection with the Rights Issue or the offering of the Rights Shares;
“Rights Issue”	has the meaning as set out in <u>Recital (F)</u> ;
“Rights Shares”	has the meaning as set out in <u>Recital (F)</u> ;
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company;
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company;
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement;

“Settlement Date”	[9] January 2023 or such other date as the Parties may agree in writing, being the date for the despatch of share certificates for the Rights Shares;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 20 December 2012;
“Shareholder(s)”	holder(s) of the Share(s) from time to time;
“Specified Event”	an event occurring or matter arising on or after the date of execution of this Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of this Agreement, would have rendered any of the warranties contained in <u>Clause 10.1</u> untrue or incorrect in any material respect;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$0.20 per Rights Share;
“subsidiary”	refers to any subsidiary of the Company and which shall have the same meaning ascribed thereto under section 15 of the Companies Ordinance, and “subsidiaries” shall be construed accordingly;
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC;
“taken up”	such Rights Shares in respect of which duly completed PALs or EAFs (accompanied by cheques or banker’s cashier order for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have been received on or before the Latest Time for Acceptance and references to “take up” shall be construed accordingly;

“Termination Notice”	has the meaning as set out in <u>Clause 12.1</u> ;
“Time of Sale”	such time, falling within the period commencing on the Latest Time for Acceptance and ending on one Business Day before the Latest time for Termination, as is agreed between the Parties as the time of sale with respect to their efforts to procure purchasers for the Rights Shares not taken up;
“Trading Day”	a trading day of the Stock Exchange;
“Underwriting Commission”	has the meaning as set out in <u>Clause 8.1</u> ;
“Underwritten Shares”	<p>up to 312,077,930 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and/or pursuant to the conversion of the Convertible Bonds and no other change in the share capital of the Company on or before the Record Date), excluding the Rights Shares which Mr. Chan will take up in accordance with the Irrevocable Undertakings, underwritten by the Underwriter on a best-effort basis pursuant to the terms and conditions of this Agreement; or</p> <p>up to 332,613,187 Rights Shares being the maximum total number of Rights Share issuable (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options and the full conversion of the Convertible Bonds but otherwise no other change in the share capital of the Company on or before the Record Date), excluding the Rights Shares which Mr. Chan will take up in accordance with the Irrevocable Undertakings, underwritten by the Underwriter on a best-effort basis pursuant to the terms and conditions of this Agreement</p>
“Untaken Share(s)”	such number of Rights Shares in respect of which duly completed PAL(s) or

EAF(s) have not been lodged for acceptance or not fully paid by the Latest Time for Acceptance, including any Rights Shares to which the Excluded Shareholders would not have otherwise been entitled under the Rights Issue;

“Verification Notes”

the verification notes relating to the Prospectus Documents which shall be in such form and content as both Parties deem fit or appropriate; and

“%”

per cent.

- 1.2 The Recitals shall form, and shall be regarded as being, an integral part of this Agreement, and shall have the same force and effect as any provision in the main body of this Agreement.
- 1.3 References to the singular number include the plural and vice versa and references to one gender include every gender.
- 1.4 Any reference to a document being “in the agreed form” means in such form as may following the date of this Agreement be agreed between the Parties, both acting reasonably.
- 1.5 References to Clauses and Recitals are to clauses of and recitals to this Agreement.
- 1.6 Unless stated otherwise, references in this Agreement to time and dates are references to Hong Kong time and Hong Kong dates respectively.
- 1.7 References to any ordinance, statute or statutory provision include references to that ordinance, statute or statutory provision as from time to time amended, extended or re-enacted.
- 1.8 References to persons include references to bodies corporate or unincorporated associations.
- 1.9 Headings are inserted for convenience only and shall not affect the interpretation of this Agreement.
- 1.10 References to writing shall include any modes of reproducing words in a legible and non-transitory form,

2. CONDITIONS PRECEDENT

- 2.1 Completion of the Rights Issue and effectuating the Appointment under and pursuant to this Agreement are conditional upon:

- (1) the passing of the necessary resolutions at the special general meeting of the Company to approve the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other application laws and regulations if necessary);
- (2) the Capital Reorganisation having become effective;
- (3) each Party having obtained all necessary consent and/or approval (including passing of all necessary resolutions) for entering into this Agreement and the transactions contemplated herein;
- (4) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (5) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information purpose only, if any, by no later than the Prospectus Posting Date;
- (6) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and the permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of dealings in the nil-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter in writing), and such listing and permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (7) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination;
- (8) there being no breach of the undertakings and obligations of the Company under this Agreement at the Latest Time for Termination;
- (9) the compliance with and performance by the Company and the Underwriter of all the undertakings and obligations under the terms of this Agreement at the Latest Time for Termination ;
- (10) the entering into of binding agreements by the Underwriter with certain subscriber(s) procured by the Underwriter and/or sub-underwriter(s),

which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriter nor any of the subscriber(s) procured by the Underwriter and/or sub-underwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue;

- (11) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (12) there being no Specified Event occurring on or before the Latest Time for Termination; and
- (13) the Underwriter having received from the Company all the documents as set out in Schedule I in such form and substance satisfactory to the Underwriter as soon as practicable after the date hereof, and not later than 4:00 p.m. on the Business Day immediately before the Prospectus Posting Date

(collectively, the “**Conditions Precedent**”).

- 2.2 Apart from the Conditions Precedent as set out in Clauses 2.1 (8), (9), (12) and (13) above which can be waived in whole or in part by the Underwriter and the Company jointly (but not severally, and in any event, none of the Conditions Precedent can be waived by the Company whatsoever) by notice in writing to the Company prior to the Latest Time for Termination, all other Conditions Precedent are incapable of being waived by any Party. The Parties shall use their respective best endeavours to procure the satisfaction and/or fulfillment of all the Conditions Precedent (save and except such Conditions Precedent which have been waived by the Underwriter and the Company jointly in accordance with the foregoing provisions of this Clause 2.2) by the Latest Time for Termination or such other date as the Parties may agree in writing.
- 2.3 If any of the Conditions Precedent (save and except such Conditions Precedent which have been waived by the Underwriter and the Company jointly in accordance with Clause 2.2) are not satisfied in whole by the Latest Time for Termination or such other date as the Parties may agree in writing, this Agreement shall terminate (save and except Clauses 8, 11, 14 and 16 which shall remain in full force and effect) and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise save for any antecedent breaches.

- 2.4 Further to the foregoing provisions of this Clause 2, the Company shall make an application to the Stock Exchange for the listing of and permission to deal in the nil-paid Rights Shares and Rights Shares as soon as practicable after the execution of this Agreement.

3. BOARD APPROVAL AND PUBLICATION OF DOCUMENTS

- 3.1 The Company confirms with the Underwriter that a meeting of the Board has been held to approve the following matters:

- (i) the Capital Reorganisation;
- (ii) the Rights Issue;
- (iii) the authorisation of the Directors to agree and sign on behalf of the Company this Agreement and all the other relevant documents in connection with the Rights Issue; and
- (iv) authorized all necessary steps to be taken by the Company in connection with each of the above matters.

- 3.2 Subject to obtaining approval from the Stock Exchange (if applicable), the Company shall arrange for the Announcement to be published on the Stock Exchange website and its own website as soon as reasonably practicable following the execution of this Agreement.

- 3.3 The Company shall use its reasonable endeavours to procure the posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders in accordance with this Agreement by no later than the Prospectus Posting Date. The Company shall deliver to the Underwriter a certified copy of the resolution of the Board approving the Prospectus Documents and authorising the despatch thereof as soon as reasonably practicable and in any event within two (2) Business Days from the date of despatch of the Prospectus Documents.

4. THE RIGHTS ISSUE

- 4.1 The Rights Issue is only underwritten by the Underwriter on best effort basis, and the Company hereby irrevocably appoints the Underwriter to conduct the Rights Issue in accordance with this Agreement, with Underwriter underwriting up to the Underwritten Shares on best effort basis, though the Underwriter may, subject to having obtained the Company's prior written approval, agree with each other from time to time prior to the Latest Time for Acceptance to vary (or further vary, whichever shall be appropriate).
- 4.2 Pursuant to the Company's constitutional documents, there are no requirements for minimum levels of subscription in respect of the Rights Issue, and subject to fulfilment or satisfaction of the Conditions Precedent, the Rights Issue shall proceed regardless of its level of acceptances, and up to [64,742,190] Rights Shares are committed to be subscribed pursuant to the Irrevocable Undertaking

subject, however, to any Scaling-down *vis-a-vis* the MGO Obligation or the Public Float Requirement. In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly.

4.3 Further to Clauses 4.1 to 4.3, and subject to the satisfaction or fulfillment of the Conditions Precedent (save and except such Conditions Precedent which may have been waived by the Underwriter and the Company jointly in accordance with Clause 2.2):

- (1) the Company shall provisionally allot the Rights Shares to the Qualifying Shareholders at the Subscription Price, in the proportion of five (5) Rights Shares for every two (2) Shares held at the close of business on the Record Date, by posting the Prospectus Documents to such Qualifying Shareholders by no later than the Prospectus Posting Date on the basis that payment for the Rights Shares shall be made in full on application not later than the Latest Time for Acceptance;
- (2) the Company shall, by no later than the Prospectus Posting Date, post the Prospectus marked “**For information only**” and a letter in agreed form explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue, without the PAL or the EAF, to the Excluded Shareholders;
- (3) The Company shall procure that:
 - (i) HKSCC credits the stock accounts in CCASS of the Qualifying Shareholders who hold their Shares through CCASS in uncertificated form with their entitlements to Nil Paid Rights so that they are credited at 9:00 a.m. on the First Trading Date after the Prospectus Posting Date;
 - (ii) neither any PAL nor any EAF Form are sent to the Excluded Shareholders; and
 - (iii) the Prospectus Documents shall specify to the reasonable satisfaction of the Underwriter such procedures to ensure that the Nil Paid Rights are not taken up by or for the account of benefit of any person in the United States,

save that, in relation to Sub-Clauses (i) to (iii) above, the Company may also permit any other Shareholder(s) who holds Shares on the Record Date to take up his/her/its rights if such Shareholder(s) is/are able to demonstrate to the satisfaction of the Company and the Underwriter that he/she/it may do so without contravening any registration or other legal requirements in any jurisdiction.

- (4) further, the Company shall comply with Clause 3.

4.4 Prior to the despatch of the Prospectus Documents, the Company shall deliver to the Underwriter:

- (a) the Verification Notes relating to the Prospectus Documents duly signed by or on behalf of the Directors; and
- (b) letter(s) from the auditors or reporting accountants of the Company, as appropriate, addressed to the Company reporting on or confirming the pro forma net tangible asset value of the Group, and where necessary, sufficiency of working capital of the Group, indebtedness statement and other financial information if and as required by the Stock Exchange or the SFC to be contained in the Prospectus Documents and consenting to the issue of the Prospectus Documents with the inclusion of their names and the references thereto in the form and context in which they are included.

4.5 The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of Excess Application Form, and the Excess Rights Shares represent:

- (a) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (b) subject to Clause 5.2, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold;
- (c) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and
- (d) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders, and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders accordingly. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares may or may not be taken up by the Underwriter.

4.6 The Company will arrange for the Rights Shares which would be provisionally allotted to the Excluded Shareholders be sold in the market as soon as practicable after the commencement of dealings on the Stock Exchange in Rights Shares in nil-paid form and in any event before the last day for dealing in the nil-paid Rights Shares if a premium (net of expense) can be obtained therefor. In the event that and to the extent that such Nil Paid Rights can be sold, the Company will then distribute such proceeds in HKD (after deducting the

expenses of sale (if any)) to the Excluded Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of HK\$100 or less shall not be so distributed but shall be retained for the benefit of the Company.

- 4.7 The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Adjusted Shares then in issue, including the right to receive all dividends and distributions which may be declared, made or paid with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.
- 4.8 Pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings, as the Rights Issue is only underwritten by the Underwriter on a best effort basis, and so as to avoid the unwitting triggering of MGO Obligations and/or any non-compliance with Public Float Requirements, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of Nil Paid Rights, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through EAF(s).
- 4.9 In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-Down as well.

5. UNDERWRITING OBLIGATIONS AND ACCEPTANCE OF RIGHTS SHARES BY THE UNDERWRITER

- 5.1 Pursuant to this Agreement and the Appointment, the Company appoints the Underwriter to procure, as agents for the Company and on a best effort basis, applications for the Underwritten Shares which have not been taken up under and in connection with the Rights Issue or failing which the Underwriter as principal to, insofar as the Underwriter deem fit and appropriate, subscribe for such Underwritten Shares at the Subscription Price. Further, pursuant to this Agreement and the Appointment, and relying on the representations, warranties and undertakings of the Company contained herein, the Underwriter accepts the

Appointment, and

- (i) the Appointment shall be applicable to the Delegated Persons;
- (ii) the Appointment is made on the basis, and on the terms, that the Underwriter is irrevocably authorized to delegate all or any of its respective relevant rights, duties, powers and discretions in such manner and on such terms as the Underwriter reasonably thinks fit (with or without formality and without prior notice of any such delegation being required to be given to the Company), and to provide information gained by the Underwriter in the course of or for the purpose of the Rights Issue to any one or more of its affiliates (the "**Delegated Persons**");
- (iii) the Underwriter shall continue to be bound by the Appointment whether or not Delegated Persons are appointed, and in case Delegated Persons are appointed, the Underwriter shall be, and shall remain to be, liable for all acts, omissions to act and/or breaches of this Agreement of or by any of the Delegated Persons appointed by it, and in case where the Delegated Persons concerned are appointed by the Underwriter, the Underwriter shall then be responsible for and liable to the Company for the acts, omissions or breaches of or by such appointed Delegated Persons, and as such, the Underwriter shall use its respective best endeavours to procure the compliance by such Delegated Persons with all obligations and provisions to which such Delegated Persons are subject or by which it is bound by this Agreement and/or the Appointment;
- (iv) the Company hereby confirms that the Appointment confers on the Underwriter and the Delegated Persons all rights, powers, authorities and discretions on behalf of the Company which are necessary for, or incidental to, the performance of its respective roles and hereby agree(s) to ratify and confirm everything which the Underwriter and the Delegated Persons have lawfully done or shall lawfully do in the exercise of any functions, rights, powers, authorities and discretions for and/or with respect to the Rights Issue, and further, the Company and the Underwriter confirm that they will use their reasonable endeavours to procure that there is no offer, sale or distribution of the Nil Paid Rights and of the Rights Shares otherwise than in accordance with and on the terms of the Rights Issue and this Agreement, and
- (v) the Underwriter including its or its respective Delegated Persons, if any, shall not have any liability in respect of any omission of information from the Relevant Documents or any information or statement of fact or opinion contained therein (to the extent they are only related to the Company) being untrue, incorrect or misleading for which the Company and the Directors are solely responsible in this regard.

5.2 The Company shall immediately after the Latest Relevant Date but in any event before the Record Date make such enquiry regarding the legal restrictions, if any, under the laws of the relevant place and the requirements of the relevant

regulatory body or stock exchange in the place where the Overseas Shareholders reside.

5.3 Subject to the provisions of this Agreement, the Underwriter's obligations under this Clause 5 shall terminate if, before the Latest Time for Acceptance,

- (a) PALs in respect of the entire portfolio of the Rights Shares have been lodged for acceptance (whether by the persons to whom the Rights Shares were provisionally allotted or by renounees of the right to accept allotment) in accordance with the Prospectus Documents, together with cheques or bankers' cashier orders or other remittances for the full amount payable thereunder which are honoured on first presentation (the Rights Shares comprised in the PALs which are so lodged together with such remittances are herein referred to as having been "accepted"); or
- (b) the number of Rights Shares applied for under Excess Application Forms which have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications which are honoured on first presentation, is equal to or greater than the aggregate of the number of Rights Shares which have not been accepted under the PALs,

the Rights Shares which have been accepted are herein referred to as Underwritten Shares or as having been "taken up".

5.4 The Company shall procure that the Registrar keeps the Underwriter regularly informed on a daily basis of the number of Underwritten Shares validly applied for and/or taken up during the period up to the Latest Time for Acceptance. If, however, by the Latest Time for Acceptance any of the Rights Shares have not been taken up, and such Rights Shares which have not been taken up are herein referred to as the Untaken Shares, the Company shall as soon as practicable thereafter and in any event before 4:00 p.m. on the first Business Day after the Latest Time for Acceptance notify or procure the Registrar on behalf of the Company to notify the Underwriter in writing of the number of Untaken Shares, and the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares and on the basis as set out in Clauses 4 to 6 herein not later than 4:00 p.m. on the Latest Time for Termination pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings.

5.5 Subject to Clause 5.4, Qualifying Shareholders may apply, by way of excess application, for: (i) the unsold entitlements to the Rights Shares of the Excluded Shareholders, if any; (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares; (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and (iv) the Scale-down PAL Shares and Scale-down EAF Shares, if any.

- 5.6 The Company shall use its reasonable endeavours to procure that all applications pursuant to the Excess Application Forms are properly processed and dealt with in accordance with the terms of the Prospectus and the Excess Application Forms, and
- (i) the Company will, upon consultation with the Underwriter, allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for, and reference will only be made to the number of excess Rights Shares being applied for but no reference will be made to Rights Shares comprised in applications by the PALs or the existing number of Shares held by Qualifying Shareholders, and if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the Excess Application Forms, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots; and
 - (ii) by not later than the Business Day immediately after the Latest Time for Acceptance (or such later date as the Parties may agree in writing), (a) the Company will confirm the provisional allotments of the Rights Shares which have been taken up and cancel the provisional allotments of the Rights Shares which have not been taken up, and (b) the Company will allot a number of Rights Shares equal to the number of Rights Shares for which provisional allotments were not validly taken up in favour of the persons who are to acquire by direct issue such Rights Shares.
- 5.7 Underwriter shall, not later than 4:00 p.m. on the Settlement Date, pay or procure payment to the Company by way of banker's draft or cashier's order drawn on a licensed bank in Hong Kong or by way of bank transfer of the aggregate Subscription Price in respect of the Untaken Shares for which the Underwriter is obliged to subscribe or procure subscription pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings, less any amounts payable to the Underwriter under Clause 8.1.
- 5.8 By no later than 4:00 p.m. on the Business Day immediately before the Settlement Date, the Company shall arrange for delivery to the Underwriter or its respective nominee(s) of share certificates in respect of the fully paid Untaken Shares for which the Underwriter has subscribed or procured subscription in such names and in such denominations as the Underwriter may reasonably require at the same time as share certificates are despatched generally to persons who have applied for and/or taken up the Underwritten Shares or, where the Underwriter have/has designated an investor participant or CCASS participant stock account for deposit of all or part of the Underwritten Shares, evidence to the satisfaction of the Underwriter that such documents and instructions required to effectuate the crediting of such Underwritten Shares have been signed or given, whichever shall be appropriate.

- 5.9 In the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings, the Underwriter shall confirm with the Company the actual number of Untaken Shares as at the Latest Time for Acceptance, and shall procure for subscription therefor on best effort basis whilst using its best endeavours to ensure that (1) each of the subscribers of the Untaken Shares procured by the Underwriter shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial Shareholders or their respective associates; (2) the Public Float Requirement be fulfilled by the Company upon completion of the Rights Issue; and (3) the Underwriter or each subscriber procured by the Underwriter (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

6. UNDERTAKINGS AND OBLIGATIONS OF THE UNDERWRITER

- 6.1 Any transaction carried out by the Underwriter pursuant to Clause 5 (other than the obligation to subscribe or procure subscription for any Untaken Shares pursuant to Clauses 5.4 and 6.3 but subject to the Maximum Undertakings as well as other obligations contained in this Clause 6) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the own account of the Underwriter. The Underwriter (in relation to Clause 5) shall not be responsible for any loss or damage to any persons arising from any such transaction, except where such loss or damage arises from the breach by the Underwriter of its obligations under this Agreement or the gross negligence or willful default or fraud or omission of the Underwriter or any agent appointed by the Underwriter for such purpose.
- 6.2 In acting as agents of the Company hereunder, the Underwriter shall comply with all applicable laws, regulations and rules (including the Listing Rules) and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its Directors to be in breach of any applicable laws, and in particular, the Underwriter shall ensure that all offers made by them of the Rights Shares are made only in compliance with all applicable law and regulation and do not require the registration of the Prospectus Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong and the Underwriter shall not make or purport to make on behalf of the Company any representation or warranty not contained in the Prospectus Documents.
- 6.3 Pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings, the Underwriter shall use its respective best effort to underwrite and/or procure subscriptions for the entire portfolio of the Rights Shares, and as such, the Underwriter shall subscribe and take up all the Untaken Shares and/or procure for the subscription thereof on best effort basis pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings.

- 6.4 In any event, and further to Clause 5, the Underwriter shall ensure that (i) each subscriber of the Untaken Shares procured by it shall be an Independent Third Party, (ii) no subscriber, together with any party acting in concert with it, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company, and (iii) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.
- 6.5 The Underwriter shall procure that all necessary consents are obtained from the subscribers and/or sub-underwriter(s) to be appointed by the Underwriter, where applicable, for the publication of its respective identity, and shall use its respective best endeavours to ensure that such information is available for incorporation in the announcements or prospectus relating to this Agreement and the Rights Issue as well as any other transactions contemplated herein to be required to be issued by the Company in accordance with the Listing Rules.
- 6.6 The Underwriter further represents, warrants and undertakes to the Company that:
- (i) it has the requisite power and authority to enter into and perform this Agreement;
 - (ii) it has taken all necessary corporate or other action to enable it to enter and perform its obligations hereunder and no other consents, actions, authorisations or approvals are necessary to enable or authorise it to perform its obligations hereunder;
 - (iii) this Agreement constitutes legal, valid and binding obligations of the Underwriter in accordance with its terms;
 - (iv) the execution of, and the performance by the Underwriter of its obligations with under this Agreement will not violate, conflict with or result in a material breach of or constitute default under the terms, provisions or conditions of its constitutional documents;
 - (v) the Underwriter will not, directly or indirectly, without the approval of the Company, make any representations or statements in relation to the Rights Issues in any country or jurisdiction except where such offer, sale or delivery is made under circumstances that shall not result in or constitute a breach of any applicable laws and regulations or give rise to a requirement for any prospectus to be published or filed or any registration or qualification to be made or obtained (other than such as are made or obtained by the Underwriter) in any such country or jurisdiction (other than Hong Kong) and all offers, sales and deliveries of the Rights Shares shall be made on such terms; and
 - (vi) the Underwriter will use its best endeavours to comply with any anti-money laundering provision applicable to it under the laws of Hong Kong.

7. ALLOTMENT AND ISSUE

- 7.1 Subject to the fulfilment of the Conditions Precedent, the Company shall by not later than 4:00 p.m. on the Settlement Date duly issue and allot the entire portfolio of the Rights Shares as well as the share certificates therefor to the respective subscribers in accordance with the terms of the Prospectus Documents and shall procure the name(s) of the respective subscribers of the Rights Shares (or, where appropriate, HKSCC Nominees Limited) be entered into the register of members of the Company as holders of the appropriate number of Rights Shares.
- 7.2 Further to Clause 7.1, the Untaken Shares taken up by the Underwriter pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings or for which the Underwriter has procured subscribers to subscribe in accordance with the foregoing provisions hereof shall be duly allotted and issued and certificates in respect thereof, or evidence that the same has been deposited into investor participant or CCASS participant stock account designated by the Underwriter, shall be delivered to the Underwriter or as the Underwriter may direct as soon as is reasonably practicable following receipt by the Company of payment as provided in Clause 5.

8. FEES AND EXPENSES

- 8.1 In consideration of the Underwriter's obligations pursuant to this Agreement and the Appointment but subject to the Maximum Undertakings to underwrite the Rights Shares and their services rendered in connection with the Rights Issue, the Company shall by not later than the Settlement Date make the following payments:
- (1) an underwriting commission of [1%] of the aggregate Subscription Price in respect of actual number of the underwritten Rights Shares procured by the Underwriter for subscription pursuant to this Agreement (the "**Underwriting Commission**"), and unless previously paid by the Company, any amount due to the Underwriter under this Clause may be deducted from the proceeds of the Rights Issue to be paid by the Underwriter to the Company;
 - (2) such reasonable legal fees and other reasonable out-of-pocket expenses and disbursements of that Underwriter in respect of the Rights Issue, if any, in actual incurrence or accrual basis (the "**Reimbursement**"), provided that prior written approval of the Company has been obtained; and
 - (3) subject to Clause 8.2, the Company shall pay the Underwriting Commission and the Reimbursement (if any) to the Underwriter by not later than the Settlement Date.
- 8.2 The Underwriting Commission and other payments specified in Clause 8.1 (1) shall not be payable if this Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to Clause 12. Subject to other provision herein, the Reimbursement shall be made whether or not the obligations of the

Underwriter under this Agreement become unconditional or this Agreement is terminated or rescinded pursuant to Clause 12.

- 8.3 The Underwriter shall settle and discharge, out of the Underwriting Commission received by it, any and all commission, costs and expenses incurred by and/or payable by it to any or all sub-underwriter(s) appointed and/or engaged by it for the purposes of the Appointment and/or the Rights Issue.
- 8.4 The Company shall bear its own legal fees, accounting and other professional fees, the Registrar's fees, the cost of printing and distributing the Announcement and the Prospectus Documents and all other costs, charges and expenses relating to the issue of the Rights Shares and associated transactions (including, without limitation, all fees payable to the Stock Exchange in connection with the listing of the Rights Shares). Subject to Clause 8.3, the Company shall forthwith upon written request by the Underwriter reimburse the Underwriter for any such expenses that are evidenced by written proofs or receipts as are referred to above which the Underwriter may have properly paid or incurred on behalf of the Company concerning or in relation to the Rights Shares or any portfolio thereof.

9. ANNOUNCEMENTS

- 9.1 Save as expressly required hereunder or as otherwise required by the Stock Exchange or the SFC, no public announcement or communication to Shareholders or to the Stock Exchange or to the SFC concerning the Company and/or its subsidiaries which is material in relation to the Rights Issue shall be made or despatched by the Company or the Underwriter between the date hereof and, if all the Rights Shares are taken up and thereby rendering all Rights Shares become Underwritten Shares, the Latest Time for Acceptance or, in any other case, the time at which the Underwriter is obliged to make payment under Clause 5.7, without prior written approval from the Parties as to the content, timing and manner of making or despatch thereof which approval shall not be unreasonably withheld or delayed.

10. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 10.1 The Company represents and warrants to and undertakes with the Underwriter in the following terms:
- (1) to the best of the Company's knowledge, the facts stated in the Recitals are true and accurate in all material respects, and the Recitals shall for, and shall be regarded as being, an integral part of this Agreement which shall have the same force and effect as any other provision herein;
 - (2) to the best of the Company's knowledge, all statements of fact contained or to be contained in the Announcement or the Prospectus Documents are and shall at the date of issue thereof be true and accurate in all material respects and not misleading in all material respects and all expressions of opinion, intention and expectation expressed therein are and shall be fair and made after due and careful consideration;

- (3) to the best of the Company's knowledge, there will be no information not disclosed in the Prospectus Documents (a) the omission of which makes any statement therein misleading or which, in the context of the issue of the Rights Shares, might be material for disclosure therein or (b) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Company and of the rights attaching to the Rights Shares;
- (4) save as disclosed by the Company by public announcement or otherwise in the public domain, there has not been any material adverse change in the financial or trading position of the Group since [•];
- (5) to the best of the Company's knowledge, the returns for taxation purposes, which ought to have been made by or in respect of the companies in the Group in Hong Kong and/or any other part of the world, have been duly made and to the best of the Company's knowledge, there are no circumstances known to any company in the Group or any of their respective directors, after making due and careful enquiry, which might be the occasion of any dispute with the relevant revenue or other appropriate authorities which is materially adverse to the Group and all such returns are in all material respects up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities;
- (6) to the best of the Company's knowledge, there are existing valid policies of insurance against all liabilities, risks and losses against which it is normal or prudent to insure in respect of all major property and assets owned by and all businesses carried on by the companies in the Group and nothing has been done or has been omitted to be done whereby any of the said policies has or may become void or is likely to be avoided;
- (7) to the best of the Company's knowledge, the statements, forecasts, estimates and expressions of opinion, intention and expectation to be contained in the Announcement or the Prospectus Documents shall at the respective dates of issue thereof be made after due and proper consideration, shall at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known or which on reasonable enquiry ought to have been known to the Company and/or the Directors or any of them;
- (8) to the best of the Company's knowledge, all information necessary for the purpose of, or in the course of preparation of, the Announcement and the Prospectus Documents, and the replies to the Verification Notes or which ought reasonably to have been disclosed or made available by the Company or the Directors was so disclosed or made available to the Underwriter or its respective legal advisers fully, fairly and accurately in all material respect and to the best of the knowledge of the Company and the Directors, the replies to the Verification Notes (which will be prepared or approved by persons having appropriate knowledge and

responsibility to enable it properly to provide such replies) given by the Company and the Directors will be true, accurate and complete in all material respects and will contain all material information and particulars with regard to the subject matter thereof;

- (9) to the best of the Company's knowledge, each member of the Group has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation and the information contained in the Recitals to this Agreement is true and accurate; without limiting the foregoing, except for the Rights Issue and the outstanding share options under the existing share option scheme of the Company as at the date hereof, to the best of the Company's knowledge, no person has any outstanding warrant, option, pre-emptive right or any other right of any description to require any Share to be allotted or issued by the Company;
- (10) except as has been disclosed by the Company by public announcement, neither the Company nor any of its subsidiaries has entered into any contract or commitment of an unusual or onerous nature which, in the context of Rights Issue, might be material for disclosure;
- (11) save as disclosed by the Company by public announcement or otherwise in the public domain, the Company and its subsidiaries has carried on its business in the ordinary and usual course and there has been no adverse change, nor any development reasonably, likely to result in a material adverse change in the financial or trading position of the Company or any of its subsidiaries which has not been fully and properly disclosed by the Company in the form of an announcement in accordance with the Listing Rules or otherwise as required by the Listing Rules;
- (12) to the best of the Company's knowledge, the Prospectus Documents shall contain all particulars and information required by, and shall be in accordance with the Companies (WUMP) Ordinance, the Listing Rules, the rules and regulations of the Stock Exchange and all other relevant statutory provisions and governmental regulations in Hong Kong and shall not involve any breach of or default under any agreement, trust deed or instrument to which any member of the Group is a party;
- (13) the Company shall not from the date hereof until the Latest Time for Acceptance issue any Share or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire any Share;
- (14) on the date of issue of the Rights Shares, the Company shall have the power under its Articles of Association, and shall have taken all necessary corporate or other action to enable it, and no other consents, actions, authorisations or approvals are necessary to enable or authorise it other than the obtaining the consents and approvals referred to in Clause 2.1:
 - (a) to allot and issue the Rights Shares in accordance with the

Prospectus Documents without any sanction; and

- (b) to enter into and perform its obligations under this Agreement and to make the Rights Issue;
- (15) the Rights Shares, when allotted and issued, shall be issued free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects among themselves and with the Shares then in issue;
- (16) the obligations of the Company under this Agreement constitute legally valid and binding obligations of the Company enforceable in accordance with the terms herein;
- (17) to the best of the Company's knowledge, neither the Company nor any of its Subsidiaries is engaged in or the subject of any material litigation, arbitration or governmental proceeding or investigation; to the best of the knowledge, information and belief of the directors of the Company, upon due and careful inquiry, no such litigation, arbitration, proceeding or investigation is threatened or pending, nor are there any circumstances which may give rise to any such litigation, arbitration, proceeding or investigation;
- (18) the Company has full right, power and authority under its constitutional documents (where relevant) to enter into this Agreement and the Rights Issue in the manner set out herein and this Agreement (and its performance) has been duly authorised (such authorisation remaining in full force and effect), executed and delivered by, and constitutes a valid and legally binding obligation of the Company; the Rights Issue is not in contravention of any law or regulation binding on any member of the Group;
- (19) save as disclosed by the Company by public announcement or otherwise in the public domain and to the best of the Company's knowledge, the Company is not in breach of any rules, regulations or requirements of the Stock Exchange or its listing agreement made with the Stock Exchange (and, without limiting the foregoing, all announcements, other disclosures, registrations and filings required to be made by the Company under or in accordance with any such rules, regulations or requirements, or pursuant to such listing agreement, have been duly made) in all material respects; to the best of the Company's knowledge, the Company has complied and will comply with all other applicable rules, regulations and other requirements in all material respects which are relevant to the transactions contemplated by this Agreement (including rules governing restrictions on and/or disclosure of dealings);
- (20) to the best of the Company's knowledge, the Company has not been, is not and will not be at any time engaged in "insider dealing" or any other form of "market misconduct" (each as defined in the SFO) in connection with the Rights Issue and the related transactions entered into or to be

entered into pursuant to this Agreement; the Company has not taken and will not take, directly or indirectly, any action designed or which was designed, or which constitutes or has constituted or might reasonably be or have been expected to cause or result in, stabilisation or manipulation of the price of any shares or other securities of the Company;

- (21) the Company has applied the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules for transactions in its securities by its directors and such Code has been and will be fully complied with in connection with the Rights Issue and the related transactions entered into or to be entered into pursuant to this Agreement;
- (22) when the Company is under a duty imposed by laws and regulation to do so, the Company will make all appropriate disclosures pursuant to, and will comply in all respects with, the Listing Rules, the Hong Kong Code on Takeovers and Mergers and the Part XV of the SFO in connection with the Rights Issue and the related transactions entered into or to be entered into pursuant to this Agreement; and
- (23) the Company will promptly provide the Underwriter with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group as may be required by the Underwriter in connection with the Rights Issue for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the SFC or any other applicable regulatory body.

10.1A The Company represents, warrants and undertakes to the Underwriter that each statement set out in Schedule I is true and accurate and not misleading at the date of this Agreement and will remain true and accurate and not misleading at the Prospectus Posting Date, the date of any Supplementary Prospectus, the Time of Sale, the Latest Time for Termination, the Time of Delivery and immediately prior to the Listing Date by reference to the facts and circumstances then existing. The Company acknowledges that the Underwriter enter into this Agreement in reliance on such representations, warranties and undertakings. Each representation, warranty and undertaking shall be construed separately and shall not be limited or restricted by reference to or inference from the terms of any other representation, warranty and undertaking or any other term of this Agreement.

10.1B The Company shall not cause or permit (and shall procure that no other member of the Group nor any of its or their respective directors, officers, employees or agents shall cause or permit) any event to occur or omit to do anything between the date of this Agreement and the date which is Thirty (30) Trading Days after, as appropriate, the Acceptance Date or the date on which the Underwriter's obligations under this Agreement cease which would make any statement in Clause 10.1 untrue, inaccurate or misleading if, in such case, such statement

were repeated at such date by reference to the facts and circumstances then existing.

- 10.1C The Company shall promptly notify the Underwriter (giving reasonable details) if it comes to the knowledge of the Company or any Director that (a) any statement in Clause 10.1 was breached or untrue, inaccurate or misleading at the date of this Agreement; or (b) any statement in Clause 10.1 which relates to a fact, matter or event after such statement was given will or is reasonably likely to prove to be untrue, inaccurate or misleading; or (c) any statement in Clause 10.1 would be breached or become untrue, inaccurate or misleading if repeated by reference to the facts and circumstances existing at any time prior to the Prospectus Posting Date, the date of any supplemental Prospectus, the Time of Sale, the Latest Time for Termination, the Time of Delivery, or the Listing Date, or if the Company is in breach of any of its obligations under this Agreement.
- 10.2 The Company undertakes to use all reasonable endeavours not to cause or permit any Specified Event to occur prior to the Latest Time for Termination. Each of the representations, warranties and undertakings contained in Clause 10.1 shall be construed separately and shall not be limited or restricted by reference to or inference from the terms of any other of the representations, warranties and undertakings or any other terms of this Agreement. If this Agreement is not rescinded or terminated pursuant to Clause 12, all such warranties, representations and undertakings as are contained in Clause 10.1 above shall be deemed to have been repeated as at the Latest Time for Termination with reference to the facts and circumstances then subsisting.
- 10.3 If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, it shall forthwith give notice to the Underwriter of the same.
- 10.4 The foregoing provisions of this Clause 10 shall continue in full force and effect notwithstanding the completion of the Rights Issue.

11. INDEMNITY

- 11.1 The Company shall on demand indemnify the Underwriter and shall on demand hold the Underwriter indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges and expenses) whatsoever arising from or in respect of any material breach by the Company of any provision of this Agreement or of any term of the Appointment, or any claim which may be brought or threatened to be brought against the Underwriter (whether or not such claim is successfully compromised or settled) in each case arising out of or in relation to or by reason of the performance by the Underwriter of its functions under the Appointment and/or the obligations hereunder (and provided that such loss or liability is not connected with any failure on the part of the Underwriter to comply with its obligations under Clauses 4 to 6 or is otherwise due to any gross negligence act, willful omission, fraud, or default on the part of the Underwriter) as a result of:

- (1) the Announcement and the Prospectus Documents not containing all the

information required by law or the Listing Rules or pursuant to the rules of the Stock Exchange or other relevant authority or body to be stated therein or on the grounds that any statement, estimate or forecast contained in the Prospectus Documents is untrue, inaccurate or misleading in any material respect;

- (2) any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 10;
- (3) other than non-compliance or breach by the Underwriter of its obligations under this Agreement, any breach of the laws or regulations of any country resulting from the allotment or issue of the Rights Shares or the distribution of the Prospectus Documents;
- (4) any material misrepresentation by either the Company or any of the Directors or any employee of the Company in connection with the Rights Issue; or
- (5) the allotment or issue of the Rights Shares,

including in any such case (but without prejudice to the generality of the foregoing) all reasonable costs, charges and expenses of whatever nature which the Underwriter may properly incur or bear in disputing any such claim made against it or establishing any claim on its part under this Clause 11 provided that this indemnity shall not relate to any claims, proceedings, costs or expenses arising from any gross negligent act, willful omission, fraud or default on the part of the Underwriter and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Underwriter after, and on the basis of, regular consultation with the Company.

- 11.2 The Company shall not make any claim against the Underwriter to recover any damages which the Company may suffer arising out of the performance by the Underwriter of its obligations hereunder, provided that such damages do not arise from any gross negligent act, willful omission, fraud or default on the part of the Underwriter.
- 11.3 If the Underwriter become aware of any claim relevant for the purposes of Clause 11.1, they/it shall forthwith give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to the Underwriter being fully indemnified pursuant to Clause 11.1 and secured to its satisfaction against all losses and expenses to which it might thereby render itself liable to suffer and incur including, without limitation, legal expenses properly incurred by its legal advisers.

12. RESCISSION AND TERMINATION

- 12.1 If, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) other than coronavirus disease 2019 (COVID-19), any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or
- (5) there occurs any other material adverse change in relation to the business

or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

- (6) any matter which, had it arisen or been discovered immediately before the Prospectus Posting Date and not having been disclosed in the Prospectus Documents, would have constituted, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive Trading Days otherwise than due to or in connection with or in relation to this Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of the Announcement or other matters in connection with this Agreement and/or the Rights Issue, or
- (8) the Prospectus Documents when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled to terminate this Agreement by a notice in writing served on the Company on or prior to the Latest Time for Termination (the "**Termination Notice**"). For avoidance of any doubt, even if the Underwriter, in its respective sole and absolute opinion considers any COVID-19 related event to have caused a material adverse impact over the implementation of this Agreement or the Rights Issue, they shall not be entitled to rely on such impact or its aftermath thereof as ground or reason to terminate or rescind this Agreement and/or the Rights Issue.

12.2 Further, the Underwriter shall be entitled by a notice in writing to the Company to rescind this Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in Clause 10.1 above comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

12.3 If, prior to the Latest Time for Termination, any such notice as is referred to above is issued by the Underwriter, the obligations of the respective Parties under this Agreement (save and except this Clause 12.3 and Clauses 8, 11, 14 and 16 which shall remain in full force and effect and save further that the Company shall pay the Reimbursement as specified in Clause 8.1(2)) shall cease

and determine and no Party shall have any claim against the other Party for costs, damages, compensation or otherwise save for any antecedent breaches. For avoidance of any doubt, the Underwriter shall not, and shall not be entitled to, give any notice pursuant to Clause 12.1 or Clause 12.2 at any time after their obligations under Clauses 4 to 6 have been terminated pursuant to Clause 5.3.

- 12.4 If this Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with Clause 5 paid or procured payment to the Company of the aggregate Subscription Price in respect of the Untaken Shares for which the Underwriter subscribe or procure subscription under Clauses 5 and 6, the Company shall, not later than the end of the [third] Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriter pursuant to the foregoing provisions of this Clause 12, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter. For avoidance of any doubt, notwithstanding the payment of any sum by the Underwriter to the Company, Clause 8.2 shall apply and such payments contemplated under Clause 8.1(1) shall not be payable.
- 12.5 Rescission or termination of this Agreement under this Clause 12 shall be without prejudice to any rights of any Party in respect of any antecedent breach by any other Party of this Agreement prior to such rescission or termination.

13. EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES

- 13.1 Whenever any part of the expected timetable of the Rights Issue as enlisted in the foregoing provisions of this Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance of and payment for the Rights Share and application for and payment for Excess Rights Shares not taking place on the time as scheduled:
- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.,

or further or in the alternative,

(c) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Termination is initially scheduled to fall, the Latest Time for Termination be extended to 5:00 p.m. on the same day; or

(d) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Termination is initially scheduled to fall, the Latest Time for Termination be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

13.2 In case the Latest Time for Acceptance does not take place on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Parties shall agree by correspondence, without any need for execution of any supplemental agreement or addendum, on the revised expected timetable of the Rights Issue, and as soon as practicable thereafter, the Company shall, and the Underwriter shall procure the Company to, notify Shareholders by way of announcement on any change to the expected timetable of the Rights Issue as soon as practicable after the Latest Time for Acceptance. Likewise, in case the Latest Time for Termination does not take place on the day on which it is initially scheduled to fall, the Parties shall agree by correspondence, without any need for execution of any supplemental agreement or addendum, to extend the Latest Time for Termination to the immediately following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m., and the Company shall, and the Underwriter shall procure the Company to, notify Shareholders by way of announcement on such extension of the Latest Time for Termination.

13.3 For avoidance of any doubt, the foregoing provisions of this Clause 13 shall be applicable to each and every benchmark dates of the Rights Issue. In case of any discrepancy between this Clause 13 and any other provision herein, this Clause 13 shall prevail.

13A. RESTRICTIONS ON ACTIONS AND ANNOUNCEMENTS

(a) Without the prior written consent of the Underwriter, the Company undertakes that it will not (and the Company will procure that no member of the Group will):

(i) enter into any commitment or agreement, or put itself in a position where it is obliged to announce that any commitment or agreement may be entered into, which is or may be material in the context of the Rights Issue or the underwriting of the Rights Shares or the Admission; or

- (ii) circulate, distribute, publish, issue or make (nor authorize any other person to circulate, distribute, publish, issue or make) any press or other public announcement or any advertisement, statement or communication (other than an announcement, advertisement, statement or communication required by law or any regulatory body and save in respect of any announcement, advertisement, statement or communication in connection with any matter arising in the ordinary course of business of the Group that is not material in the context of the Rights Issue, the underwriting of the Rights Shares, but either individually or jointly with any other person, in relation to any member of the Group, the Admission, the Rights Issue or otherwise relating to the assets, liabilities, profits, losses, financial or trading condition or prospects of any member of the Company and whether in response to enquiries or otherwise,

at any time prior to the Acceptance Date or the date that the Underwriter's obligations under this Agreement cease in accordance with this Agreement.

- (b) The Company undertakes that it will not at any time during the period ending on the date that is twenty (20) Trading Days following the Acceptance Date make any public announcement, advertisement, statement or communication relating to any matters, events or circumstances which may be necessary to be made known to the public in order to enable the Shareholders and the public to appraise the position of the Company or to avoid the establishment of a false market in its securities, either individually or jointly with any other person, without first, where reasonably practicable: (i) notifying the Underwriter as to the content, form and manner of publication of such announcement, advertisement, statement or communication; (ii) making available drafts of any such announcement, advertisement, statement or communication to the Underwriter in sufficient time prior to its publication to allow the Underwriter an opportunity to consider and comment on the same; and (iii) consulting with the Underwriter as to the content, form and manner of publication of such announcement, advertisement, statement or communication.
- (c) The Company undertakes to comply with the Listing Rules and applicable laws and regulations to publish and disseminate to the public and to announce any information so required by the Stock Exchange to be published and disseminated to the public.
- (d) The Company undertakes to use net proceeds in the manner described in the Announcement and to be described in the Prospectus Documents.
- (e) The Company undertakes to duly perform its obligations under the Prospectus Documents or otherwise necessary to give effect to the Rights Issue and arrangements contemplated by this Agreement.
- (f) The Company undertakes not to take or cause or authorize any person to take, directly or indirectly, any stabilisation action or any action which is designed to or which constitutes or which might be expected to cause or result in the

stabilisation or maintenance, in violation of applicable laws, of the price of any securities of the Company.

- (g) The Company undertakes to provide the Underwriter with all information requested by any Underwriter for the purpose of assisting the Underwriter in complying with all requirements of any applicable Laws.

14. NOTICES

- 14.1 Any notice required to be given hereunder shall be deemed to be duly served if left at or sent by hand, by telex or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and marked for the attention of the following persons:

<u>Party</u>	<u>Name and Contact</u>
The Company	China Zenith Chemical Group Limited Room 4007, 40/F, China Resources Buildings, 26 Harbour Road, Wanchai, Hong Kong Fax No.: (852) 2845 3535 Attn: Board of Directors
The Underwriter	Koala Securities Limited Units 01-02, 13/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong Fax No.: (852) 2117 1831 Attn: Board of Directors

- 14.2 Any such notice shall be deemed to be served if sent by facsimile on receipt of answerback, if sent by hand at the time when the same is handed to or left at the address of the Party to be served, and if sent by post on the day (excluding any non-Business Day) after the day of posting.

- 14.3 The Company shall issue a written notice to the Underwriter if there is any change in the timetable in respect of the Rights Issue.

15. MISCELLANEOUS

- 15.1 Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the Parties, but as regards any time, date or period

originally fixed or any time, date or period so extended as aforesaid, time shall be of the essence.

- 15.2 This Agreement may be executed in any number of counterparts which when executed and delivered is an original, but all the counterparts together constitute the same document.
- 15.3 Any liability of any Party hereunder to the other Parties may in whole or in part be released, compounded or compromised and time or indulgence may be given by any Party hereunder as regards the other Party under such liability without prejudicing that Party's rights against any other person under the same or a similar liability.
- 15.4 This Agreement will be binding on and will ensure for the benefit of each Party's respective nominees, successors and/or assigns provided that no Party may assign or transfer any of its rights or obligations under this Agreement.
- 15.5 This Agreement and any other documents between the Parties referred to in this Agreement constitute the whole and only agreement between the Parties relating to the Rights Issue and supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether in writing or not, relating thereto.
- 15.6 This Agreement may only be varied in writing signed by all Parties.
- 15.7 No delay or omission on the part of any Party to this Agreement in exercising any right, power or remedy under this Agreement shall:
- (a) impair such right, power or remedy; or
 - (b) operate as a waiver thereof.
- 15.8 The single or partial exercise of any right, power or remedy under this Agreement shall not prejudice any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, power and remedies provided by law.
- 15.9 If at any time any provision of this Agreement is or become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:
- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement;
 - (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

16. GOVERNING LAW AND JURISDICTION

- 16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 16.2 The Parties hereby irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong for resolution of any dispute on or arising out of this Agreement, or to enforce any right under or pursuant to this Agreement.
- 16.3 No person other than the Parties (including their respective assigns and/or transferees) shall have any right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any provisions of this Agreement.
- 16.4 Each Party has been advised to seek independent legal advice before signing this Agreement and that each Party will be legally bound by the terms of this Agreement upon signing. In signing this Agreement, each Party agrees and confirms that prior to signing this Agreement, each Party has had this Agreement explained to them, understand the provisions stated in this Agreement, including all the terms and conditions contained herein, and agree to be bound by the same.

17. DECLARATION OF INDEPENDENCE

- 17.1 The Underwriter is an Independent Third Party not connected with the Company or its ultimate beneficial owner or their connected persons.
- 17.2 The terms and conditions of this Agreement are arrived at after arm's length negotiations between the Parties.

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.

[FOLLOWING WITH SIGNATURE PAGE]

THE COMPANY

SIGNED by)

director having been duly authorised by the)
board of directors of)

**CHINA ZENITH CHEMICAL)
GROUP LIMITED)**

(中國天化工集團有限公司))

in the presence of:)

MA KIN LING



For and on behalf of
中國天化工集團有限公司
CHINA ZENITH CHEMICAL GROUP LIMITED

.....
Authorized Signature(s)



THE UNDERWRITER

SIGNED by KWAN KAR CHING)

director having been duly authorised by the)
board of directors of)
Koala Securities Limited)
(樹熊證券有限公司))
in the presence of:)

CHAN MIU LING.

M. L. Chan



SCHEDULE I

Part A

As soon as practicable on or after the date of this Agreement, the Company shall deliver the following documents to the Underwriter:

1. One (1) certified copy of the Board Minutes approving and authorizing the issue and/or execution of the Announcement and this Agreement.
2. One (1) certified copy of the Announcement.

Part B

On or prior to publication of the Prospectus Documents, the Company shall deliver to the Underwriter:

1. One (1) copy of the signed responsibility letters from each Director confirming his/her acceptance of responsibility for the information contained in the Announcement and the Prospectus Documents in the agreed form, and including a power of attorney.
2. One (1) certified copy of the notification to the Stock Exchange under Rule 11A.09 of the Listing Rules regarding registration of the Prospectus Documents (required 14 days in advance of registration).
3. One (1) original of the signing pages of the Verification Notes duly signed by the Company and each Director.
4. One (1) certified copy of the minutes of the meetings of the Board approving the Relevant Documents and the Verification Notes, the offer of the Rights Shares and authorizing the steps to be taken by up the Company in connection with the Rights Issue.
5. One (1) original of the Working Capital Forecast, prepared by the Board and dated the same date as the Prospectus Posting Date.
6. One (1) certified copy of the signed Form C1 certified by a Director or the Company Secretary of the Company.
7. One (1) certified copy of approval from the Stock Exchange for the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms.
8. One (1) printed copy of each of the Prospectus Documents, each duly signed by two Directors or their respective duly authorized attorneys and, if signed by their respective duly authorized attorneys, one (1) certified copies of the relevant authorization documents.
9. A copy of the opinion (in form and substance satisfactory to the Underwriter) from legal advisors of each of the jurisdictions in which Overseas Shareholders is/are located addressed to the Company in relation to the selling restrictions in the relevant jurisdictions (if any).
10. One (1) original letters in the agreed form duly signed by the Reporting Accountants and dated the same date as the Prospectus Posting Date:
 - (1) in relation to the working capital statement contained in the Prospectus;
 - (2) in relation to pro-forma information;
 - (3) relating to the statement of indebtedness;
 - (4) consenting to the issue of the Prospectus with the inclusion of their report(s) and statement(s).
11. One (1) certified copy of the Certificate of Authorization issued by the Stock Exchange for registration of the Prospectus Documents with the Companies Registrar.

12. One (1) original certificate as to the accuracy of the Chinese translation of the Prospectus Documents into the Chinese language for the purpose of Rule 9.22(2)(c) of the Listing Rules given by the relevant translator thereof together with one (1) original certificate issued by the Company as to the competency of such translator.
13. One (1) certified copy of the letter from the Companies Registrar confirming registration of the applicable Prospectus Documents under section 342C of the Companies (WUMP) Ordinance.

The Underwriter may, in its absolute discretion, elect that delivery of any of the documents referred to in this Part B of Schedule I may be deferred and in lieu of any such delivery require delivery of the relevant documents as referred to in this Part B of Schedule I in a form reasonably satisfactory to it at a later time specified by it.

EXHIBIT

ANNOUNCEMENT