

Dated 5 October 2012

**SIM Technology Group Limited**

and

**Toman Investments Limited**

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**RIGHTS ISSUE UNDERWRITING AGREEMENT**

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Ref: TPL/40826.00024

Hogan Lovells  
11th Floor, One Pacific Place, 88 Queensway, Hong Kong

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**THIS AGREEMENT is made on 5 October 2012**

**BETWEEN:**

- (1) **SIM Technology Group Limited**, a company incorporated under the laws of Bermuda with limited liability whose principal place of business in Hong Kong is at Unit 2908, 29<sup>th</sup> Floor, 248 Queen's Road East, Wanchai, Hong Kong (the "**Company**"); and
- (2) **Toman Investments Limited**, a company incorporated under the laws of the British Virgin Islands whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "**Underwriter**").

**WHEREAS:**

- (A) The Company was incorporated in Bermuda with limited liability as an exempted company under the Companies Act on 27 October 2004 and registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance on 24 February 2005.
- (B) As at the date of this agreement, the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Shares, of which 1,704,999,000 Shares have been issued and are fully paid or credited as fully paid. All the issued Shares are listed on the Main Board of the Stock Exchange. Save as the Company listed 74,346,000 units of TDR on the Taiwan Stock Exchange Corporation and each of unit of TDR represents two Shares, none of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange.
- (C) As at the date of this agreement, the Company has 83,163,500 outstanding Share Options, of which 66,426,000 are Vested Options and 16,737,500 are not vested and exercisable on the Record Date (prior to the signing of the Option Undertakings), which entitle the holders to subscribe for 66,426,000 Shares.
- (D) As at the date of this agreement, among the 66,426,000 Vested Options, the Directors held an aggregate of 14,400,000 Vested Options with rights to subscribe for 14,400,000 Shares. Each of the Directors who held Vested Options has by Option Undertakings undertaken irrevocably not to exercise any of the Vested Options up to the close of business on the Record Date.
- (E) Assuming full exercise of the Vested Options on the date of this agreement (other than those granted to the Directors), the number of issued Shares will increase to 1,757,025,000.
- (F) The Company proposes, subject to the passing of the Resolution and to the terms and conditions of this agreement, to offer the Rights Shares for subscription, by way of rights, on the basis of one Rights Share for every two Shares held on the Record Date.
- (G) The offer of the Rights Shares for subscription as aforesaid shall be made by the issue of the Rights Issue Documents to the Qualifying Shareholders.
- (H) Application will be made to the Stock Exchange to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.
- (I) The Underwriter has agreed to underwrite the Underwritten Shares on the terms and subject to the conditions of this agreement.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

1.1 In this agreement (including the recitals and the Schedules), the following words and expressions shall have the following meanings:

**"Accounts Date"** means 31 December 2011;

**"acting in concert"** has the meaning given to it under the Takeovers Code and the expressions "concert party", "party acting in concert" or similar expressions in this agreement shall be construed accordingly;

**"Announcement"** means the announcement containing details of the Rights Issue to be released by the Company in accordance with the provisions of clause 3 in the form (subject to the approval of the Stock Exchange and the SFC) annexed to this agreement and marked Exhibit A;

**"Business Day"** means any day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for normal business in Hong Kong;

**"CCASS"** means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

**"Companies Act"** means the Companies Act 1981 of Bermuda, as amended from time to time;

**"Companies Ordinance"** means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);

**"Conditions"** means the conditions set out in clause 4.1;

**"Director(s)"** means the director(s) of the Company;

**"Excess Applications"** means applications made by the Qualifying Shareholders in accordance with the terms of the Rights Issue Documents for Underwritten Shares in excess of Underwritten Shares provisionally allotted to them pursuant to the Rights Issue;

**"Excess Application Form(s)"** and **"EAF(s)"** mean the form(s) of application for Rights Shares in excess of those provisionally allotted to the Qualifying Shareholders;

**"Executive"** means the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s);

**"Group"** means the Company and its Subsidiaries;

**"HK\$" and "Hong Kong dollar"** means the lawful currency of Hong Kong;

**"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China;

**"Hong Kong Share Registrar"** means Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;

**"Independent Shareholders"** means Shareholders other than the Underwriter and persons acting in concert with it and those who are involved in or interested in the Whitewash Waiver and their respective associates, who are required by the Listing Rules

or the Takeovers Code to abstain from voting on the relevant resolution at the Special General Meeting;

**"Latest Time for Termination"** means 4:00 p.m. on Thursday, 27 December 2012 or such later time as may be agreed between the Company and the Underwriter, being the latest time by which the Underwriter may terminate this agreement;

**"Listing Rules"** means the Rules Governing the Listing of Securities on the Stock Exchange;

**"Main Board"** means the stock exchange operated by the Stock Exchange before the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the option market) and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange;

**"Nil-paid Rights"** means the nil-paid rights of Qualifying Shareholders to be allotted Rights Shares pursuant to the Rights Issue;

**"Non-Qualifying Shareholder(s)"** means Shareholder(s) whose name(s) appear(s) on the Register of Members as at the close of business on the Record Date but whose addresses as shown on such register are outside Hong Kong where the Directors, based on opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;

**"Option Undertakings"** means the undertakings from each of the Directors who held Vested Options to the Company and the Underwriter not to exercise any of the Vested Options to subscribe for Shares granted pursuant to the Share Option Schemes from the date of the undertakings up to and including the Record Date, the form of which is substantially set out in Schedule 3;

**"Proceedings"** means any proceeding, suit or action arising out of or in connection with this agreement;

**"Prospectus"** means the prospectus relating to the Rights Issue and to be despatched to the Shareholders in accordance with the provisions of clause 5(c);

**"Prospectus Posting Date"** means Friday, 7 December 2012 (subject to, if required, the approval of the Stock Exchange) or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus;

**"Provisional Allotment Letter(s)"** and **"PAL(s)"** mean the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;

**"Qualifying Shareholder(s)"** means Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the Register of Members as at the close of business on the Record Date;

**"Record Date"** means Wednesday, 5 December 2012, the record date to determine entitlement to the Rights Issue, or such other date as may be agreed between the Company and the Underwriter;

**"Register of Members"** means the register of members of the Company;

**"Registrar of Companies"** means the Registrar of Companies in Hong Kong;

**"2011 Report and Accounts"** means the published annual report and audited accounts of the Group as at and for the financial year ended 31 December 2011;

**"Resolution"** means the ordinary resolution set out in the SGM Notice to approve the Whitewash Waiver;

**"Rights Issue"** means the proposed issue of Rights Shares by the Company on the basis of one Rights Share for every two Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions contained in this agreement, and more particularly described in the Rights Issue Documents;

**"Rights Issue Documents"** means the Prospectus, the Provisional Allotment Letter and the Excess Application Form;

**"Rights Shares"** means not less than 852,499,500 Shares and not more than 878,512,500 Shares to be issued by the Company pursuant to the Rights Issue;

**"Settlement Date"** means Friday, 28 December 2012 or such other date as may be agreed by the Underwriter in writing;

**"SFC"** means the Securities and Futures Commission of Hong Kong;

**"SGM Circular"** means the circular convening the Special General Meeting to be despatched by the Company to Shareholders in accordance with the provisions of clause 3;

**"SGM Date"** means Monday, 19 November 2012 (or such later date as the Company may (subject, if required, to the approval of the Stock Exchange and/or the SFC and taking into account any timetable adjustments) specified in the SGM Notice as the date for holding the Special General Meeting, or, if applicable, the date of any adjournment of the Special General Meeting);

**"SGM Notice"** means the notice of the Special General Meeting appended to the SGM Circular to be despatched by the Company to Shareholders in accordance with the provisions of clause 3;

**"Shareholders"** means persons whose names appear on the Register of Members as registered holders of Shares;

**"Shareholding"** means in relation to any Shareholder, the number of Shares which is registered in the name of such Shareholder on the Register of Members;

**"Share Options"** means the outstanding options to subscribe for 83,163,500 new Shares granted to the Directors and employees of the Group pursuant to the Share Option Schemes;

**"Share Option Schemes"** means the pre-IPO share option scheme and post-IPO share option scheme of the Company both adopted on 30 May 2005;

**"Shares"** means ordinary shares of HK\$0.10 each in the share capital of the Company;

**"Special General Meeting"** means the special general meeting of the Company to be convened and held at which resolution will be proposed to consider, and, if thought fit, approve the Whitewash Waiver, further details concerning which will be set out in the SGM Circular;

**"Stock Exchange"** means The Stock Exchange of Hong Kong Limited;

**"Storm Warning"** means either a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal;

**"Subscription Price"** means a price of HK\$0.2 per Rights Share;

**"Subsidiary"** has the meaning given that term under section 2 of the Companies Ordinance;

**"Takeovers Code"** means the Hong Kong Code on Takeovers and Mergers;

**"Underwritten Shares"** means not less than 852,499,500 Rights Shares and not more than 878,512,500 Right Shares, being all the Rights Shares to be issued pursuant to the Rights Issue;

**"Underwriter Warranties"** means the representations and warranties set out in part B of Schedule 2;

**"Verification Notes"** means the verification notes to be prepared in connection with the Prospectus in a form reasonably required by the Underwriter;

**"Vested Options"** means 66,426,000 Share Options which are vested and exercisable on or before the Record Date, prior to the signing of the Option Undertakings;

**"Warranties"** means the representations, warranties and undertakings set out in part A of Schedule 2; and

**"Whitewash Waiver"** means a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the Underwriter's obligation to make a mandatory offer under Rule 26.1 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and persons acting in concert with it as a result of its underwriting obligations contemplated under this agreement.

1.2 In this agreement:

- (a) 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;
- (b) references to persons include references to bodies corporate or unincorporated associations and references to the singular include references to the plural and vice versa;
- (c) unless the context otherwise requires, references to any recital, clause, sub-clause or Schedule is to a recital, clause, sub-clause or schedule of or to this agreement;
- (d) headings, and descriptions against cross-references, are for convenience only and shall not affect the interpretation of this agreement;
- (e) unless stated otherwise, references to time and dates are references to Hong Kong time and Hong Kong dates respectively;
- (f) references to "indemnifying" any person against any circumstance include indemnifying and keeping him harmless from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence

of or which would not have arisen but for that circumstance and references to "indemnify" shall be construed accordingly;

- (g) references to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (h) references to "close of business " on any day shall mean 5:00 p.m. on such day;
- (i) references to the "latest time for acceptance" shall mean 4:00 p.m. on Friday on 21 December 2012 (or such later date as the Company may (subject, if required, to the approval of the Stock Exchange and taking into account any timetable adjustments) specify in the SGM Circular as the latest time for acceptance of, and payment for, Rights Shares), provided that if on such date a Storm Warning is hoisted in Hong Kong at any time between 12 noon and 4:00 p.m. then references to the "latest time for acceptance" shall mean 12 noon on the next Business Day thereafter on which no Storm Warning remains hoisted at any time between 9:00 a.m. and 12 noon;
- (j) references to "accepted" in relation to any Rights Shares shall mean Rights Shares in respect of which the Provisional Allotment Letter relating thereto have been duly lodged for acceptance (whether by the persons to whom such Rights Shares were provisionally allotted or by the renounees of the right to accept allotment) in accordance with the terms of the Rights Issue Documents together with cheques/banker's cashier orders for the full amount payable in respect of such Rights Shares which are honoured on first presentation and references to "accept" shall be construed accordingly;
- (k) references to "taken up" in relation to any Rights Shares shall mean Rights Shares (i) which have been accepted or (ii) in respect of which Excess Applications have been duly lodged for acceptance in accordance with the terms of the Rights Issue Documents together with cheques/banker's cashier orders for the full amount payable in respect of the Rights Shares being applied for under such Excess Applications which are honoured on first presentation and references to "take up" shall be construed accordingly; and
- (l) the schedules form part of this agreement and shall have the same force and effect as if expressly set out in the body of this agreement, and any reference to this agreement shall include the schedules.

## 2. LISTING

2.1 The Company shall, as soon as reasonably practicable after the signing of this agreement, make an application to the Stock Exchange for the granting of listing of, and permission to deal in, all the Rights Shares, in their nil-paid and fully-paid forms.

2.2 The Company undertakes:

- (a) to obtain the listing and the permission referred to in clause 2.1 not later than the expected date of commencement of dealings in the Rights Shares in nil-paid form; and
- (b) to provide all such information, give all such undertakings, execute all such documents, pay all such fees and do or procure to be done all such acts or things as may be necessary or required by the Stock Exchange, the SFC or the Registrar of Companies or reasonably required by the Underwriter for the purpose of obtaining such listing and permission.



### 3. ANNOUNCEMENT, SGM CIRCULAR AND SGM

The Company shall procure that:

- (a) the Announcement is released in Hong Kong in accordance with the requirements under the Listing Rules (with a copy supplied to the Stock Exchange) within two Business Days from the date of this agreement;
- (b) there are delivered to the Underwriter the documents referred to in paragraph 1 of Schedule 1 as provided in that Schedule immediately after the signing of this agreement; and
- (c) the SGM Circular and the SGM Notice are posted to all Shareholders not later than Friday, 26 October 2012 or such later date as the Company may (subject, if required, to the approval of the Stock Exchange and after consultation with the Underwriter and upon reasonable notice) specify in writing to the Underwriter.

### 4. CONDITIONS

4.1 The obligations of the Underwriter under clause 8 of this agreement are conditional upon:

- (a) the issue of the Announcement within two Business Days from the date of this agreement;
- (b) the passing by the Independent Shareholders at the Special General Meeting of an ordinary resolution to approve the Whitewash Waiver;
- (c) the Executive granting to the Underwriter the Whitewash Waiver on or before the Prospectus Posting Date;
- (d) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies respectively one copy of each of the Rights Issue Documents duly certified by all Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Board (and with all other documents required to be attached thereto under the Companies Ordinance) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (e) the posting of the Rights Issue Documents to the Qualifying Shareholders and (subject to the restrictions, if any, under the relevant overseas laws and regulations) the posting of the Prospectus stamped "For Information Only" to the Non-Qualifying Shareholders, in each case, on the Prospectus Posting Date;
- (f) 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 permission to deal in, the Rights Shares, in nil-paid and fully-paid forms, before 8:00 a.m. on Tuesday, 11 December 2012, being the expected date of commencement of dealings in the nil-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter), and such listing and permission not being revoked prior to the Latest Time for Termination;
- (g) delivery of the duly executed Option Undertakings by each of the Directors who held Share Options to the Company and the Underwriter by facsimile transmission or otherwise and after the execution of this agreement, the original hard copies of which shall be delivered to the Company and the Underwriter by courier as soon as practicable and in any event within five Business Days after the date of this agreement;

- (h) fulfilment by the Directors who held Share Options of all of their obligations under the Option Undertakings;
- (i) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the Announcement) and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of this agreement or for any other reason;
- (j) compliance by the Company with all of its undertakings and obligations under clause 5;
- (k) obligations of the Underwriter under this agreement not being terminated by the Underwriter in accordance with the terms of this agreement; and
- (l) the filing of the Rights Issue Documents with the Registrar of Companies in Bermuda in accordance with the Companies Act.

4.2 If any of the Conditions is not fulfilled and/or (in respect of the Condition specified in clause 4.1(j)) waived in whole or in part by the Underwriter at or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriter may agree):

- (a) this agreement, save in respect of the provisions of this sub-clause and clauses 16.2, 22, 23, 24, 27 and 28, shall terminate and the obligations of the parties shall immediately cease and be null and void and none of the parties shall, save in respect of the provisions of this sub-clause and clauses 16.2, 22, 23, 24, 27 and 28 and any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with this agreement; and
- (b) the Company shall reimburse the Underwriter all such reasonable costs and expenses as have been properly incurred by it in connection with the Rights Issue.

4.3 The Company shall use its best endeavours to procure the fulfilment of the Conditions set out in clause 4.1(a), (d), (e), (f), (g), (h), (i), (j) and (l) and to convene the Special General Meeting for the purpose of fulfilling the Condition set out in clause 4.1(b). The Company shall do all the things required to be done by it pursuant to the Rights Issue Documents or otherwise reasonably necessary to give effect to the Rights Issue and the arrangements contemplated by this agreement.

4.4 The Company agrees and undertakes to notify the Underwriter in writing upon fulfilment of all the Conditions.

## 5. PROVISIONAL ALLOTMENT OF RIGHTS SHARES

Subject to the fulfilment of the Conditions (other than the Condition specified in clause 4.1(j)), the Company shall procure that:

- (a) the Rights Shares are provisionally allotted nil-paid not later than the close of business on the Prospectus Posting Date, for subscription by way of rights at the Subscription Price, payable in full on acceptance on or before the latest time for acceptance, and otherwise on terms set out in the Rights Issue Documents to all

Qualifying Shareholders in the proportion of one Rights Share for every two Shares then held provided that:

- (i) no Rights Shares shall be provisionally allotted to Non-Qualifying Shareholders and Rights Shares which, but for this proviso, would be provisionally allotted to Non-Qualifying Shareholders shall be dealt with in accordance with the provisions of clause 6; and
  - (ii) no fractions of Rights Shares shall be provisionally allotted and fractions of Rights Shares which, but for this proviso, would be provisionally allotted, shall be dealt with in accordance with the provisions of clause 6;
- (b) there are delivered to the Underwriter the documents referred to in paragraph 2 of Schedule 1 as provided in that Schedule immediately after the provisional allotment referred to in clause 5(a); and
- (c) the Prospectus, the PAL and EAF shall be posted to all Qualifying Shareholders not later than the Prospectus Posting Date.

## 6. NON-QUALIFYING SHAREHOLDERS AND FRACTIONAL ENTITLEMENTS

- 6.1 The Company shall procure that (other than the SGM Circular which will be posted to all Shareholders pursuant to clause 3(c)) the Prospectus stamped "For Information Only" without the Provisional Allotment Letters and the Excess Application Forms will be posted to Non-Qualifying Shareholders on the Prospectus Posting Date and, a letter from the Company (in a form to be approved by the Underwriter) explaining the treatment of Non-Qualifying Shareholders under the Rights Issue shall be posted to all Non-Qualifying Shareholders on the same date.
- 6.2 The Company shall arrange for the Hong Kong Share Registrar to give notice to the Underwriter not later than the close of business on the Record Date of the number of Rights Shares which but for the proviso to clause 5(a) would have been provisionally allotted to Non-Qualifying Shareholders pursuant to clause 5(a) and the number of Rights Shares which represent fractional entitlements, and the Company shall provisionally allot in nil-paid form the aggregate number of such Rights Shares to a nominee of the Company to be agreed between the Company and the Underwriter.
- 6.3 The Underwriter shall (as agent for the Company) endeavour to procure that such nominee will as soon as practicable after dealings in Nil-paid Rights commence, and in any event by 4:00 p.m. on Tuesday, 18 December 2012 or such later date as the Company may (subject, if required, to the approval of the Stock Exchange and taking into account any timetable adjustments) specify in the Prospectus as the last day for dealings in Nil-paid Rights, arrange for the sale on the Stock Exchange at such premium in excess of the expenses of sale as may reasonably be obtained in the market, of so many of the Nil-paid Rights relating to the Rights Shares referred to in clause 6.2 as can be so sold in that period and the nominee will thereafter account to the Company for the net proceeds of sale (after deduction of the expenses of sale). Fractional entitlements for the Nil-paid Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company. Any unsold aggregate of fraction of Nil-paid Rights will be made available for Excess Application under the Excess Application Forms.
- 6.4 The net proceeds of sale of such Nil-paid Rights relating to Rights Shares which represent fractional entitlements shall be retained by the Company for its own benefit.
- 6.5 The net proceeds of sale of such Nil-paid Rights relating to Rights Shares which would have been provisionally allotted to Non-Qualifying Shareholders shall be distributed by the

Company to such Non-Qualifying Shareholders pro rata to their Shareholdings on the Record Date save that where the pro rata share of such net proceeds of any Non-Qualifying Shareholder shall be less than HK\$100, such amount shall not be distributed but shall be retained for the benefit of the Company.

## 7. EXCESS APPLICATIONS

7.1 Qualifying Shareholders are entitled to apply, by way of Excess Applications, for any unsold entitlements of the Non-Qualifying Shareholders, any unsold Rights Shares created by adding together fractions of nil-paid Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by completing and lodging the Excess Application Forms (accompanied by cheques or banker's cashier orders for the full amount payable in respect of such Excess Applications). The Board will allocate the excess Rights Shares being applied for at their discretion on a fair and equitable basis and on the following principles:

- (a) Subject to the availability of excess Rights Shares, preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to board-lot holdings (unless the total number of excess Rights Shares is not sufficient to top up all odd-lots into whole board-lots) and that such applications are not made with the intention to abuse such mechanism; and
- (b) subject to the availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess Rights Shares on pro-rata basis with reference to their number of excess Rights Shares applied for, and with board lot allocations to be made on a best effort basis. No reference will be made to the Rights Shares comprised in applications by Provisional Allotment Letters or the existing number of Shares held by the Qualifying Shareholders.

7.2 As soon as practicable after the latest time for acceptance, the Company shall (after consultation with the Underwriter):

- (a) determine and notify the Underwriter of:
  - (i) the aggregate number of Underwritten Shares which have not been accepted; and
  - (ii) the basis of allocation of Underwritten Shares in respect of Excess Applications; and
- (b) procure that an announcement (in a form approved by the Underwriter) in relation to the basis of allocation of Underwritten Shares in respect of Excess Applications is released in accordance with the requirements of the Listing Rules in Hong Kong.

7.3 Subject to clause 7.1, the Company shall use its best 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.

## 8. UNDERWRITING

8.1 The Company confirms the appointment of the Underwriter, and the Underwriter agrees to accept the appointment, as the underwriter for the purpose of underwriting the Rights Issue on the terms and in the manner described in the Rights Issue Documents and on

the terms and subject to the conditions set out in this agreement and the Underwriter accepts such appointment.

8.2 If, by the latest time for acceptance:

- (a) all Underwritten Shares have been accepted; or
- (b) where any Underwritten Shares have not been accepted, the aggregate number of Underwritten Shares which have been taken up is equal to or exceeds the aggregate number of Underwritten Shares which have not been accepted,

the Underwriter's obligations under this clause shall cease.

8.3 If, by the latest time for acceptance, any of the Underwritten Shares have not been taken up:

- (a) the Company shall, as soon practicable after the latest time for acceptance (and, in any event, not later than 5:00 p.m. on the Business Day following the latest time for acceptance), notify the Underwriter of the aggregate number of Underwritten Shares which have not been taken up;
- (b) the Underwriter shall, subject to clause 8.4 below and the fulfilment of the Conditions and/or (in respect of the Conditions set out in clause 4.1 (j)) waiver of such Conditions in whole or in part by the Underwriter at or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriter may agree):
  - (i) subscribe (as principal), on the terms and subject to the conditions and on the basis of the information contained in the Rights Issue Documents (other than as to the time and method of acceptance and payment) for any of the Underwritten Shares which have not been taken up not later than the close of business on the next Business Day after being notified by the Company pursuant to clause 8.3(a); and
  - (ii) pay or procure to be paid to the Company the full amount payable in respect of the Underwritten Shares which have not been taken up against delivery by the Company to the Underwriter of documentary evidence of entitlement to such Underwritten Shares to the reasonable satisfaction of the Underwriter (less the amount of underwriting commission, fees and expenses payable to the Underwriter in accordance with clause 16); and
- (c) if the Underwriter defaults in complying with its obligations under clause 8.3(b)(i), the Company is hereby irrevocably authorised to treat this agreement as an application by the Underwriter on the terms and subject to the conditions and on the basis of the information contained in the Rights Issue Documents (other than as to the time and method of acceptance and payment) for the Underwritten Shares which have not been taken up in accordance with the provisions of this agreement and to allot and issue the same to the Underwriter upon such terms and conditions. The Underwriter shall pay to the Company the full amount in respect of the Underwritten Shares which have not been taken up as aforesaid against delivery by the Company to the Underwriter (or as it may direct) of documentary evidence of entitlement to such Underwritten Shares to the reasonable satisfaction of the Underwriter.

8.4 The Company undertakes to keep the Underwriter regularly informed of, and to provide such information as the Underwriter may reasonably request in relation to, the number of Underwritten Shares which have been accepted or taken up.

- 8.5 In acting as agent of the Company hereunder and discharging its obligations as an underwriter of the Rights Issue, the Underwriter shall observe all relevant laws and regulations and shall not do anything or omit anything the doing or omission of which shall cause the Company or any of the Directors be in breach of any relevant laws or regulations and, in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by it of the Rights Shares are made only in compliance with all relevant securities laws and regulations and do not require the registration or filing or depositing of the Rights Issue Documents or any of them or any other document as a prospectus or otherwise under the applicable securities laws or equivalent legislation of any jurisdiction other than Hong Kong, Bermuda and Taiwan.

## 9. ALLOTMENT AND ISSUE OF THE RIGHTS SHARES

- 9.1 Subject to the fulfilment of the Conditions, the Company shall, on or as soon as practicable after the Settlement Date, duly allot and issue (or confirm the allotment and issue of) the Rights Shares taken up and shall issue certificates for the Rights Shares to the respective subscribers or (as the case may be) their nominees in accordance with the terms of the Rights Issue Documents.
- 9.2 In relation to the issue of the Rights Shares, the Company shall pay all such fees, supply all such information, give all such undertakings, execute all such documents and do all such things as may be required by applicable laws, rules and regulations or by the Stock Exchange.
- 9.3 The Underwritten Shares dealt with as provided in clause 8.3 shall be duly allotted and issued upon the receipt by the Company of payment as referred to in clause 8.3 from the Underwriter, and either:
- (a) the allottees thereof shall be duly entered on the Register of Members in Hong Kong maintained by the Hong Kong Share Registrar in respect of the Rights Shares so allotted and certificates in respect thereof shall be issued in such names and in such denominations as the Underwriter may reasonably require and the same shall be delivered to the Underwriter; or
  - (b) in respect of those Underwritten Shares which the Underwriter requests the Company to deposit into CCASS (the "**CCASS Underwritten Shares**"), the Company shall credit to the Underwriter's account with CCASS or such other account with CCASS as the Underwriter may direct the Underwritten Shares and provide sufficient evidence or confirmation of the same to the Underwriter. If any of the CCASS Underwritten Shares is not accepted into CCASS ("**non-CCASS Underwritten Shares**") on Friday, 4 January 2013, certificates shall be issued in respect of the non-CCASS Underwritten Shares on the basis of (a).

## 10. REPRESENTATIONS AND WARRANTIES

- 10.1 The Company represents and warrants to the Underwriter in the terms set out in part A of Schedule 2 and accepts that the Underwriter is entering into this agreement in reliance upon each such representation and warranty.
- 10.2 The Underwriter represents and warrants to the Company in the terms set out in part B of Schedule 2 and accepts that the Company is entering into this agreement in reliance upon each such representation and warranty.

## 11. RIGHTS IN RELATION TO THE WARRANTIES

- 11.1 Each Warranty and the Underwriter Warranty shall be construed separately and shall not be limited or restricted by reference to or inference from the terms of any other of the

Warranties or the Underwriter Warranties, as the case may be, or any other terms of this agreement.

- 11.2 The Warranties and the Underwriter Warranties shall remain in full force and effect notwithstanding completion of the subscription of the Rights Shares pursuant to the Rights Issue and this agreement.
- 11.3 The Warranties and the Underwriter Warranties are given on and as at the date of this agreement with respect to the facts and circumstances subsisting at the date of this agreement. In addition, the Warranties and the Underwriter Warranties shall be deemed to be given on and as at the date of posting the SGM Circular, the date of posting of the Rights Issue Documents and immediately before the Latest Time for Termination with reference to the facts and circumstances then subsisting. The Company shall not do or omit to do (and shall procure that no Subsidiary shall do or omit to do) any act or thing which would render any Warranty untrue in any respect on the Prospectus Posting Date, or on the latest time for acceptance or immediately before the listing of the Rights Shares. The Company undertakes to notify the Underwriter immediately of any matter or event coming to its attention prior to the latest time for acceptance which shows any Warranty to be or to have been untrue or misleading or breached.
- 11.4 If at any time, by reference to the facts and circumstances then subsisting, prior to the latest time for acceptance, any matter or event comes to the attention of the Company as a result of which any Warranty, if repeated immediately after the occurrence of such matter or event, would be untrue or misleading or breached or which would or might render untrue or misleading in any material respects any statement, whether of fact or opinion, contained in the Announcement or the SGM Circular or any of the other Rights Issue Documents if the same were issued immediately after the occurrence of such matter or event, the Company shall immediately notify the Underwriter thereof and, but without prejudice to any other rights of the Underwriter, the Company and the Underwriter shall immediately consult with a view to agreeing, if the Rights Issue Documents have already been despatched, what announcement or SGM Circular, if any, should be made or despatched. The Company agrees not to make any such announcement or to despatch any such SGM Circular without the prior written consent of the Underwriter.

## 12. **UNDERTAKINGS BY THE COMPANY**

- 12.1 The Company undertakes to the Underwriter that it will:
- (a) comply in all respects with the terms and conditions of the Rights Issue contained in the Announcement, the SGM Circular and the other Rights Issue Documents including, without limitation to the generality of the foregoing, ensure that the proceeds arising from the Rights Issue are used in the manner described in the Announcement, the SGM Circular and the other Rights Issue Documents;
  - (b) procure that such board resolution as may be necessary to confirm allotment and/or to provide for new allotments of Rights Shares are passed as soon as practicable after the latest time for acceptance but in any event not later than close of business on Friday, 28 December 2012 (or such later date as the Company and the Underwriter may agree) and relevant share certificates are issued and despatched as soon as practicable thereafter and that the Rights Shares, when fully paid, will rank *pari passu* in all respects with the existing Shares;
  - (c) deliver to the Underwriter the document referred to in paragraph 3 of Schedule 1 as provided in that Schedule as soon as practicable after the passing of the resolution referred to in clause 12.1(b); and

- (d) to procure that the Hong Kong Share Registrar will do all such acts and things as may be required to be done in connection with the Rights Issue and associated transactions.

12.2 The Company hereby irrevocably undertakes to the Underwriter that, in the event that at any time the prescribed percentage (for the purposes of rule 8.08 of the Listing Rules) of the Shares is less than 25 per cent., the Company will procure that a placing of further Shares, or sale of existing Shares, is made as soon as reasonably practicable and that any requirements of the Stock Exchange in this regard are complied with. If, after the completion of the Rights Issue, the Company does not satisfy the public float requirement under the Listing Rules and the Underwriter has taken up any Underwritten Shares, the Underwriter shall have the priority to sell the Underwritten Shares taken up for the satisfaction of the public float requirement.

### 13. **TRANSACTIONS CARRIED OUT BY THE UNDERWRITER**

Any transaction carried out by the Underwriter pursuant to clause 6 or 8 (other than the obligation to subscribe or procure subscribers for any Underwritten Shares pursuant to clause 8.3(b)) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of its own account. The Underwriter shall, however, be entitled to receive and/or retain any commission or brokerage paid to it or its agents in connection with the implementation of such transactions. The Underwriter shall not be responsible for any loss or damage to any persons arising from any such transaction or for any insufficiency or alleged insufficiency of any dealing price at which any of the Rights Shares or Nil-paid Rights may be sold by any such person or subscribers for Rights Shares may be procured by any such person or for the timing of any such transaction, except where such loss or damage arises from the fraud, gross negligence or wilful default of the Underwriter or any agent appointed by it for such purpose or their respective directors, officers or employees.

### 14. **TERMINATION**

14.1 If, at any time prior to the Latest Time for Termination:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
  - (ii) any local, national or international event or change of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
  - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
  - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
  - (v) the occurrence of any event, or series of events, beyond the control of the Underwriter;



which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to have a material adverse effect on the business or financial position of the Group or the Rights Issue; or
  - (2) has or will have or is likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
  - (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue; or
- (b) there comes to the notice of the Underwriter:
- (i) any matter or event showing any of the Warranties was, when given, untrue or misleading or as having been breached in any respect; or
  - (ii) any breach by any of the other parties to this agreement of any of their respective obligations or undertakings under this agreement or under the Option Undertakings,

then and in any such case the Underwriter may, upon giving notice to the Company, terminate this agreement with immediate effect.

14.2 Upon the giving of notice in accordance with clause 14.1, this agreement, save in respect of the provisions of this clause and clauses 16.2, 22, 23, 24, 27 and 28, shall terminate and the obligations of the parties shall immediately cease and null and void and none of the parties shall, save in respect of the provisions of this sub-clause, clauses 16.2, 22, 23, 24, 27 and 28 and any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with this agreement.

## 15. INDEMNITIES

15.1 The Company undertakes to indemnify the Underwriter against all costs, charges, losses or expenses which the Underwriter (including, but without limitation, legal fees) which the Underwriter may suffer or incur arising from:

- (a) any statement, estimate or forecast contained in the Prospectus, Announcement or other Rights Issue Documents being, or being alleged to be, untrue, inaccurate, incomplete or misleading in any material respect; or
- (b) the fact that the Prospectus did not contain, or being alleged not to contain, all material information in the context of the Rights Issue or otherwise in compliance with the Listing Rules, the Takeovers Code and the Companies Ordinance; or
- (c) any breach or alleged breach of any of the Warranties; or
- (d) any payment made by the Underwriter (whether or not pursuant to a legal obligation) as a refund to any person of the moneys paid by it for any of the Rights Shares, or by way of damages or settlement or compromise in respect of any claims, actions, demands or proceedings on the grounds of or otherwise arising out of or connection with any of the matters referred to in clauses 15.1(a) to (c) above,

provided always that:

- (a) no claim shall be made by the Underwriter in respect of any such loss or damage suffered or incurred by it due to any fraud, gross negligence or wilful default on its

part or on the part of its directors, officers, employees or agents; and

- (b) no settlement or compromise of any loss by the Underwriter shall be made without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed) but no settlement or compromise made with such consent shall prejudice any claim, action or demand the Underwriter has or makes against the Company under this clause or otherwise under this agreement.

**16. FEES AND EXPENSES**

- 16.1 Subject to the Rights Issue and the obligations of the Underwriter under this agreement having been (in the case of clause 8) fully discharged and become unconditional and the Rights Issue having been completed in accordance with its terms; (a) the Company shall pay to the Underwriter underwriting commission (in Hong Kong dollars) at the rate of 2 per cent. of the total aggregate Subscription Price for the Underwritten Shares (other than the Rights Shares entitled and subscribed by the connected persons of the Company (including Info Dynasty Group Limited, Intellipower Investments Limited, Simcom Limited, Mr Wong Cho Tung, Ms Yeung Man Ying and the Directors)) (the "Underwriter's Commission").
- 16.2 In addition, the Company will be responsible for all reasonable costs, charges and expenses which may be incurred in connection with the Rights Issue including, without limitation, all fees, costs, charges, expenses, stamp duty, capital duty, levies and duties payable to the Stock Exchange, the Registrar of Companies, the Hong Kong Share Registrar, the SFC, the documentation fee payable to the Underwriter, and the fees payable to its auditors, reporting accountants, financial advisers and legal advisers, the fees payable to the Underwriter's legal advisers and all printing, translation charges, advertising and brokerage costs.
- 16.3 The Underwriter may deduct the full amount of the Underwriter's Commission, such reasonable costs, fees and out-of-pocket expenses properly incurred by it or its legal advisers, from the amount of any subscription moneys payable by it pursuant to clause 8.3 or, in the event of the Underwriter not being called upon to subscribe or procure subscribers pursuant to clause 8.3 and/or if the amount of such subscription moneys payable by it being less than the full amount due to it, such costs, fees and expenses, or the balance thereof, shall be due and payable within three Business Days following the Settlement Date or on such other date as may be agreed between the Company and the Underwriter.

**17. RELEASE**

The Underwriter may release, or compromise the liability of, the Company, the Underwriter or the Directors or grant time or other indulgence to the Company, the Underwriter or the Directors without releasing or reducing the liability of any of the other parties.

**18. REMEDIES AND WAIVERS**

- 18.1 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.
- 18.2 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.

- 18.3 The rights, powers and remedies provided in this agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

**19. ASSIGNMENT**

- 19.1 This agreement shall be binding on and enure to the benefit of the parties to this agreement and their respective successors.

- 19.2 In connection with the compromise or settlement of any claim relating to or in connection with this agreement or the Rights Issue, the Underwriter may subject to the consent of the Company (such consent not to be unreasonably withheld or delayed) assign the benefit of the Warranties and undertakings contained in this agreement (including the indemnities set out in clause 15) whether in whole or in part. Save as aforesaid, no party may assign or otherwise transfer any of his or its rights, benefits or obligations under this agreement.

**20. FURTHER ASSURANCE**

Each of the parties shall from time to time, on being required to do so by any other party now or at any time in the future do or procure the doing of all such acts and/or execute or procure the execution of such documents in a form satisfactory to such other party as such other party may reasonably consider necessary for giving full effect to this agreement and securing to such other party the full benefit of the rights, powers and remedies conferred upon such other party in this agreement.

**21. ENTIRE AGREEMENT**

- 21.1 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 or not in writing, relating thereto.

- 21.2 Each party acknowledges that in entering into this agreement on the terms set out in this agreement it is not relying upon any representation, warranty, promise or assurance made or given by any other party or any other person, whether or not in writing, at any time prior to the execution of this agreement which is not expressly set out in this agreement.

- 21.3 This agreement may only be varied in writing signed by each of the parties.

- 21.4 This agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement, and any party may enter into this agreement by executing a counterpart.

**22. NOTICES**

- 22.1 Any notice or other communication given or made under or in connection with the matters contemplated by this agreement shall be in writing.

- 22.2 Any such notice or other communication shall be addressed as provided in clause 22.3 and, if so addressed, shall be deemed to have been duly given or made as follows:

- (a) if sent by personal delivery, upon delivery at the address of the relevant party;
- (b) if sent by post, two Business Days after the date of posting; and

(c) if sent by facsimile, when despatched.

22.3 The relevant addressee, address and facsimile number of each party for the purposes of this agreement, subject to clause 22.4, are:

<u>Name of party</u>	<u>Address</u>	<u>Facsimile No.</u>
The Company	Unit 2908, 29 <sup>th</sup> Floor, 248 Queen's Road East, Wanchai, Hong Kong	(852) 2367 6724
The Underwriter	Rooms 1002-1004, 10/F, Tung Chiu Commercial Centre, 193 Lockhart Road, Wanchai, Hong Kong	(852) 2367 6724

22.4 A party may notify the other parties to this agreement of a change of its name, relevant addressee, address or facsimile number for the purposes of clause 22.3 provided that such notification shall only be effective on:

- (a) the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

## 23. ANNOUNCEMENTS

23.1 Except for the Announcement and subject to clause 23.2, no announcement concerning the Rights Issue or any ancillary matter shall be made by any of the parties without the prior written approval of the other parties, such approval not to be reasonably withheld or delayed.

23.2 Any party may make an announcement concerning the Rights Issue or any ancillary matter if required by:

- (a) law; or
- (b) any securities exchange or regulatory or governmental body to which such party is subject or submits, wherever situated, including (without limitation) the Stock Exchange, whether or not the requirement has the force of law,

provided that any such announcement shall be made only after consultation with the other parties.

23.3 The restrictions contained in this clause shall continue to apply after the termination of this agreement without limit in time.

## 24. CONFIDENTIALITY

24.1 Subject to clause 24.2, each party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this agreement which relates to:

- (a) the provisions of this agreement;
- (b) the negotiations relating to this agreement;
- (c) the subject matter of this agreement; or

(d) the other parties.

24.2 Each party may disclose information which would otherwise be confidential if and to the extent:

- (a) required by law;
- (b) required by any securities exchange or regulatory or governmental body to which such party is subject or submits, wherever situated, including (without limitation) the Stock Exchange, whether or not the requirement for information has the force of law;
- (c) required to vest the full benefit of this agreement in such party;
- (d) disclosed to the professional advisers and auditors of such party;
- (e) the information has come into the public domain through no fault of such party; or
- (f) the other parties have given prior written approval to the disclosure, such approval not to be unreasonably withheld or delayed,

provided that any such information disclosed pursuant to clause 24.2(a) or 24.2(b) shall be disclosed only after consultation with the other parties.

24.3 The restrictions contained in this clause shall continue to apply after the termination of this agreement without limit in time.

25. **TIME OF ESSENCE**

Save as otherwise expressly provided, time is of the essence of this agreement.

26. **INVALIDITY**

If at any time any provision of this agreement is or becomes 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; or
- (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this agreement.

27. **CHOICE OF GOVERNING LAW**

This agreement shall be governed by and construed in accordance with Hong Kong law.

28. **JURISDICTION**

The parties to this agreement irrevocably agree that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this agreement and that accordingly any Proceedings may be brought in such courts. Nothing contained in this clause shall limit the right of the Underwriter to take Proceedings against any of the other parties in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

**IN WITNESS** whereof this agreement has been executed under hand by or on behalf of the parties to this agreement the day and year first above written.

## SCHEDULE 1

### DOCUMENTS TO BE DELIVERED

1. The following documents are to be delivered by the Company to the Underwriter pursuant to clause 3(b) immediately after the execution of this agreement (or as soon as thereafter the Underwriter may agree):
  - (a) a copy of the certified copy of the memorandum and articles of association (or the equivalent constitutional documents) of the Company within five Business Days from the date of this agreement;
  - (b) (i) a copy of the resolution (in the form of minutes or written resolution) of the board of the Directors (or of the duly authorised committee of such board), approving and authorising the issue of the Announcement and SGM Circular and the execution of this agreement, followed by a certified copy of such resolution within five Business Days from the date of this agreement; and
  - (c) a copy of the Option Undertakings duly executed by the Directors who held Share Options, followed by a signed original within five Business Days from the date of this agreement).
  
2. The following documents are to be delivered by the Company to the Underwriter pursuant to clause 5(b) immediately after the provisional allotment of the Rights Shares pursuant to clause 5(a):
  - (a) a certified copy of the Resolution;
  - (b) a certified copy of the resolution (in the form of minutes or written resolution) of the board of the Directors (or of the duly authorised committee of such board) provisionally allotting the Rights Shares as referred to in clause 5(a) (and, if the said resolution is of such a committee, a certified copy of the resolution of the board of the Directors appointing such committee (if not previously delivered to the Underwriter));
  - (c) the Rights Issue Documents, signed on behalf of the Company by a duly authorised officer;
  - (d) one certified copy of each of (i) a responsibility letter (or a certified copy thereof), in the form previously approved by the Underwriter and addressed to the Company and the Underwriter, from each of the Directors and other person stated in the Prospectus to be taking responsibility for the contents thereof confirming his or its responsibility for the contents of the Prospectus in the terms of the responsibility statement to be contained in the Prospectus, (ii) a power of attorney in a form previously approved by the Underwriter executed by each of the Directors and (iii) a statement of interests from each of the Directors in the form previously approved by the Underwriter and addressed to the Company and the Underwriter;
  - (e) a certified copy of each of the material contracts to be referred to in the Prospectus (other than this agreement);
  - (f) the Verification Notes signed by or on behalf of each person to whom responsibility is therein assigned (other than the Underwriter) (or a certified copy thereof);
  - (g) the 2011 Report and Accounts and the interim financial results for the six months ended 30 June 2012;

- (h) a certified copy of the letter from the Registrar of Companies confirming that a copy of each of the Prospectus, PAL and EAF has been registered under section 38D of the Companies Ordinance;
  - (i) a certified copy of the letter from the auditors or reporting accountants of the Company addressed to the Company and the Underwriter confirming the indebtedness statement to be contained in the Prospectus, and commenting on the statement to be contained in the Prospectus as to the sufficiency of working capital and on the other financial information to be set out in the Prospectus (as applicable); and
  - (j) such other letter or reports from experts or professional advisers (including, without limitation, consent letters) as contained or referred to in the Prospectus.
3. A certified copy of the resolution (in the form of minutes or written resolution) of the board of the Directors (or of the duly authorised committee of such board) confirming the allotments of the Rights Shares accepted and making new allotments of the Rights Shares not accepted as referred to in clause 12.1(b) (and, if the said resolution is of such a committee, a certified copy of the resolution of the board of directors appointing such committee (if not previously delivered to the Underwriter)) is to be delivered by the Company to the Underwriter pursuant to clause 12.1(c) immediately after the confirmation of allotments and/or new allotments of the Rights Shares pursuant to clause 12.1(b).



**SCHEDULE 2**  
**REPRESENTATIONS AND WARRANTIES**

Part A

The following are the representations and warranties referred to in clause 10.1:

1. The Company has the requisite power and authority to enter into and perform this agreement.
2. This agreement constitutes, and any other documents required to be executed by the Company pursuant to the provisions of or in connection with this agreement will, when executed, constitute, valid and binding obligations of the Company enforceable in accordance with their respective terms.
3. The execution and delivery of, and the performance by the Company of its obligations under this agreement will not:
  - (a) result in a breach of any provision of the memorandum and articles of association of the Company; or
  - (b) result in a breach of, or constitute a default under, any instrument to which the Company is party or by which the Company is bound; or
  - (c) result in a breach of any order, judgment or decree of any court or governmental agency to which the Company is a party or by which the Company is bound; or
  - (d) require the consent of its Shareholders or of any other person, other than pursuant to the Resolution.
4. Each member of the Group is duly incorporated, validly existing under the laws of its place of incorporation with power to own its respective assets and to conduct its business in the manner presently conducted.
5. Save for the options granted pursuant to the Share Option Schemes and except pursuant to the Rights Issue, there is no option, note, right to acquire or subscribe on, over or affecting any unissued Shares or, so far as the Directors are aware, any issued Shares and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any. No Shares or other securities or convertibles of the Company (other than the Nil-paid Rights and the Shares to be issued upon exercise of the Vested Options granted before the date of this agreement pursuant to the Share Option Schemes) shall be allotted and issued pending the commencement of dealings in the Rights Shares and no further share capital or loan capital shall be issued by the Company and no alteration shall be made to the rights attached to any of the issued Shares pending the commencement of dealings in the Rights Shares. The Rights Shares, when fully paid, shall be allotted and 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, including the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. The Subsidiaries and associated corporations listed in the 2011 Report and Accounts are the only Subsidiaries and associated corporations of the Company and there is no other company in which any member of the Group beneficially owns or controls any interest which is or may be material in the context of the Rights Issue.

6. All information supplied or disclosed by the Company to the Underwriter or any of its advisers for the purpose of the Rights Issue is true and accurate in all respects and not misleading in any respect. Recital (A) to (I) to this agreement are true and accurate in all respects.
7. To the best of the knowledge, information and belief of the Directors (having made all reasonable enquiries), all information which ought to have been supplied or disclosed to the Underwriter or any of its advisers for the purpose of determining whether to underwrite the Rights Issue on the terms of this agreement or otherwise in connection with the Rights Issue (including, without limitation, any information which ought to have been so supplied or disclosed in preparing the Announcement, the Prospectus or any of the other Rights Issue Documents or in replying to any of the questions set out in the Verification Notes) has been, or will (prior to the date of the relevant documents) be, supplied and disclosed.
8. The Announcement contains all information and particulars as required by the requirements of the Stock Exchange and the SFC and all statements of fact contained in the Announcement are true and accurate in all respects and not misleading in any respect and all expressions of opinion or intention contained therein have been made on reasonable grounds and are truly and honestly held by the Directors and are fairly based and there are no other facts known or which could on reasonable inquiry have been known to the Directors the omission of which would make any such statement or expression in the Announcement misleading in any respect or which are or might be material in the context of the Rights Issue or the underwriting of the Underwritten Shares.
9. All statements of fact contained in each of the Rights Issue Documents will (at the date of such documents) be true and accurate in all respects and not misleading in any respect and all expressions of opinion or intention contained therein made by the Company or the Directors will be made on reasonable grounds and will be truly and honestly held by the Directors and will be fairly based and there will not be other facts known or which could on reasonable inquiry have been known to the Directors the omission of which would make any such statement or expression in each of the Rights Issue Documents misleading in any respect or which will or might be material in the context of the Rights Issue or the underwriting of the Underwritten Shares and all the assumptions on which any forecasts are based will be reasonable assumptions and there will not be other assumptions on which such forecasts ought to have been based which have not been made.
10. The Prospectus will, when issued, contain all such information and particulars (i) as required by the requirements of the Stock Exchange and the SFC, (ii) as investors and their professional advisers would reasonably require, and reasonably expect to find there, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Company and the rights attaching to the Underwritten Shares and (iii) the omission of which would make any statement therein misleading or which, in the context of the Rights Issue, might be material for disclosure therein.
11. The published unaudited accounts of the Company for the six month period ended 30 June 2012 give a true and fair view of the profit of the Group for such period and, save for the fact that they are unaudited, have been prepared in accordance with generally accepted accounting principles consistently applied (and applied consistently with those used in the preparation of the 2011 Report and Accounts) and all relevant accounting standards and practice.
12. The 2011 Report and Accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results and source and application of funds of the Group for the financial period ended on such date and have been prepared in accordance with generally accepted accounting principles consistently applied

and all relevant accounting standards and practice and comply (or, as the case may be, will comply) with the Companies Ordinance so far as applicable.

13. Since the Accounts Date and save as disclosed in any circular or announcement publicly released or made by the Company, the published interim report and unaudited accounts of the Group as at and for the six months ended 30 June 2012 and the 2011 Report and Accounts, the business of the Group has been carried on in the ordinary and usual course and there has been no material adverse change in the financial or trading position or prospects of the Group and no contracts or commitments of an unusual or unduly onerous nature have been entered into by any member of the Group.
14. No member of the Group is engaged in any legal or arbitration proceedings which may have or have had during the twelve months preceding the date of this agreement a significant effect on the financial or trading position or prospects of the Group or which individually or collectively are material for disclosure in the context of the Rights Issue or the underwriting of the Underwritten Shares and no such legal or arbitration proceedings are threatened or pending nor, to the best of the knowledge, information and belief of the Directors (having made all reasonable enquiries) are there any circumstances which may give rise to any such legal or arbitration proceedings.
15. The allotment and issue of the Rights Shares, the issue of the Announcement, the Prospectus and each of the other Rights Issue Documents and the making of the Rights Issue will comply with the Companies Ordinance, the rules and regulations of the Stock Exchange, the Takeovers Code and all other relevant laws and regulations.
16. The Company and the Directors have power, subject to the passing of the Resolution, under the memorandum and articles of association of the Company, to allot and issue the Rights Shares in manner contemplated by this agreement without any sanction or consent by members of the Company or any class of them and, subject to the passing of the Resolution, there are no consents required by the Company for the allotment and issue of the Rights Shares which have not been irrevocably and unconditionally obtained.
17. The issue of the Rights Shares will comply with all agreements to which any member of the Group is a party or by which it or any of them or any of their respective properties or assets is bound and will not infringe any restrictions or the terms of any contract, obligation or commitment of any member of the Group.
18. All the material contracts and all material leases, tenancies, licences, concessions and agreements (including but not limited to any loan agreements and security documents) of whatsoever nature to which any member of the Group is a party are valid, binding and enforceable obligations of the parties thereto and the terms thereof have been complied with (or waivers or consents for non-compliance with the terms thereof have been obtained) by the relevant member of the Group and (insofar as the Company is aware) by all the other parties thereto and there are no grounds for rescission, avoidance or repudiation of any of the contracts or such leases, tenancies, licences, concessions or agreements and so far as the Company is aware, no notice of termination or of intention to terminate has been received in respect of any of them.
19. No event has occurred or circumstances arisen such that any person is entitled or could, with the giving of notice and/or lapse of them and/or the fulfilment of any condition and/or the making of any determination, become entitled, to require repayment before its stated maturity of, or to take any step to enforce any security for, any indebtedness of any member of the Group and no person to whom any indebtedness of any member of the Group which is payable on demand is owed has demanded or threatened to demand repayment of, or to take any step to enforce any security for, the same. Save as disclosed in any circular or announcement publicly released or made by the Company, the published interim report of

the Group as at and for the six months ended 30 June 2012 and the 2011 Report and Accounts, no member of the Group has entered into any contracts or arrangements relating to structural or financial products or derivatives.

20. The Rights Issue Documents will contain all material particulars required by all statutory and regulatory provisions in Hong Kong so far as applicable to the Rights Issue and the requirements of the Stock Exchange and the Takeovers Code, and the issue of the Rights Shares in accordance with the Rights Issue Documents shall comply with the Companies Ordinance, the Listing Rules, the Takeovers Code, the requirements of the Stock Exchange and all other relevant regulations in Hong Kong applicable to the Rights Issue and shall not result in any material breach of or default under any material agreement, trust deed or instrument to which any company in the Group is a party.

Part B

The following are the representations and warranties referred to in clause 10.2:

1. The Underwriter has the requisite power and authority to enter into and perform this agreement.
2. The Underwriter is duly incorporated, validly existing under the laws of its place of incorporation with power to conduct its business in the manner presently conducted.
3. The execution and delivery of, and the performance by the Underwriter of its obligations under, this agreement will not:
  - (a) result in a breach of any provision of its constitutional documents; or
  - (b) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound; or
  - (c) result in a breach of any order, judgment or decree, of any court or governmental agency to which it is a party or by which it is bound; or
  - (d) require the consent of its shareholders or of any other third parties (other than its directors).

**SCHEDULE 3**

**FORM OF OPTION UNDERTAKING**

Date:

To: SIM Technology Group Limited  
Unit 2908, 29<sup>th</sup> Floor, 248 Queen's Road East, Wanchai, Hong Kong  
For the attention of the board of directors

and

Toman Investments Limited  
Rooms 1002-1004, 10/F, Tung Chiu Commercial Centre, 193 Lockhart Road, Wanchai,  
Hong Kong  
For the attention of Mr Wong Hei, Simon

Dear Sirs,

**SIM Technology Group Limited ("Company") – Option Undertakings**

I understand that the Company is proposing to issue certain new shares of HK\$0.10 each ("**Shares**") in the share capital of the Company by way of a rights issue ("**Rights Issue**").

I am the holder of vested options ("**Options**") to subscribe for an aggregate of [●] Shares granted pursuant to the pre-IPO and post-IPO share option schemes both adopted by the Company on 30 May 2005, and hereby unconditionally and irrevocably undertake to you that I will not exercise any of the Options from the date of this undertaking up to and including the record date for the determination of the entitlements to participate in the Rights Issue.

I consent to the particulars of this undertaking and of my holdings of, and dealings in Options and/or Shares being announced and included in any document, in each case as required by the Hong Kong Code on Takeovers and Mergers and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and to this undertaking being made available for inspection by members of the public.

This undertaking and the relationship between the parties shall be governed by and construed in accordance with, the laws of the Hong Kong Special Administrative Region of the People's Republic of China. This undertaking has been duly executed as a deed.

Signed, sealed and delivered )

as a deed by [insert name of the )  
option holder]

in the presence of: )

SIGNATURE PAGE

Company

Signed by Chan Tat Wing, Richard  
for and on behalf of  
**SIM Technology Group Limited**  
in the presence of:

)  
)  
)  
)

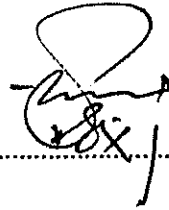


.....  
*Duly authorised signatory*

**Underwriter**

Signed by Wong Hei, Simon  
for and on behalf of  
**Toman Investments Limited**  
in the presence of:

)  
)  
)  
)



.....  
*Duly authorised signatory*



**EXHIBIT A**  
**RIGHTS ISSUE ANNOUNCEMENT**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States. This announcement is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Neither this announcement nor anything in this announcement forms the basis for any contract or commitment whatsoever.*

*The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state of the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities of the Company.*



**SIM Technology**

**SIM TECHNOLOGY GROUP LIMITED**

**晨訊科技集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 2000)**

**PROPOSED RIGHTS ISSUE  
ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY TWO EXISTING SHARES HELD  
ON THE RECORD DATE**

**CONNECTED TRANSACTION**

**AND**

**APPLICATION FOR THE WHITEWASH WAIVER**

**Financial adviser to the Company**



**SOMERLEY LIMITED**

### **(1) PROPOSED RIGHTS ISSUE**

The Company proposes to issue not less than 852,499,500 Rights Shares but not more than 878,512,500 Rights Shares at the Subscription Price of HK\$0.20 per Rights Share on the basis of one Rights Share for every two existing Shares in issue and held on the Record Date. The proposed Rights Issue is intended to raise not less than approximately HK\$170,499,900 (before expenses) but not more than approximately HK\$175,702,500 (before expenses).

The last day of dealings in the Shares on the Stock Exchange on a cum-rights basis will be Monday, 26 November 2012. The Shares will be dealt in on an ex-rights basis on the Stock Exchange from Tuesday, 27 November 2012. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The Record Date is Wednesday, 5 December 2012. To qualify for the Rights Issue, Shareholders must be registered as the members of the Company on the Record Date and not be a Non-Qualifying Shareholder. The register of members of the Company will be closed from Thursday, 29 November 2012 to Wednesday, 5 December 2012, both dates inclusive, to determine the eligibility for the Rights Issue.

The Rights Issue is fully underwritten by the Underwriter. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed "Underwriting Arrangements" in this announcement.

The Rights Issue is conditional. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement, the granting of the Whitewash Waiver by the Executive and the Independent Shareholders' approval. Accordingly, the Rights Issue may or may not proceed.

### **(2) CONNECTED TRANSACTION IN RESPECT OF UNDERWRITING COMMISSION**

The payment of underwriting commission by the Company to the Underwriter constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the maximum underwriting commission to be paid by the Company to the Underwriter is approximately HK\$1.95 million and the applicable percentage ratios (as defined in the Listing Rules) are less than 25% and the amount is less than HK\$10,000,000, the payment of such underwriting commission is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

### **(3) APPLICATION FOR THE WHITEWASH WAIVER**

The Underwriter is a company incorporated in the BVI with limited liability and is a special purpose vehicle 25% owned by Mr Wong Sun, 25% owned by Mr Wong Hei, Simon, 25% owned by Mr Wong Cho Tung and 25% owned by Ms Yeung Man Ying. As at the date of this announcement, the Underwriter and persons acting in concert with it held an aggregate of 775,918,000 Shares representing approximately 45.51% of the existing issued share capital of the Company.

In the event that upon completion of the Rights Issue, no Qualifying Shareholders take up any Rights Shares and the number of issued Shares remains unchanged, the Underwriter pursuant to the Underwriting Agreement will be required to subscribe for up to 852,499,500 Rights Shares that are not subscribed for under the Rights Issue, which will result in the Underwriter and persons acting in concert with it beneficially interested in 1,628,417,500 Shares, representing approximately 63.67% of the enlarged issued share capital of the Company upon completion of the Rights Issue, thereby triggering an obligation of the Underwriter and persons acting in concert with it to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and persons acting in concert with it.

In this regard, an application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders by way of poll at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will lapse and will not proceed. The register of members of the Company will be closed from Wednesday, 14 November 2012 to Monday, 19 November 2012, both dates inclusive, to determine the identity of the Shareholders entitled to attend and vote at the SGM.

#### **GENERAL**

The Whitewash Waiver is conditional on, among other matters, approval by the Independent Shareholders at the SGM. A resolution proposed to be voted at the SGM will be conducted by way of poll.

The Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM. The Board which includes all members of the Independent Board Committee will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Underwriter and persons acting in concert with it and those who are involved in or interested in the Whitewash Waiver and their respective associates are required by the Listing Rules or the Takeovers Code to abstain from voting on the proposed resolution approving the Whitewash Waiver. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Underwriter and persons acting in concert with it, no Shareholders have material interest in the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolution at the SGM.

A circular containing, among other matters, further details of (i) the Rights Issue; (ii) the Whitewash Waiver; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Whitewash Waiver, together with a notice of SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Takeovers Code.

Upon passing of the necessary resolution by the Independent Shareholders at the SGM approving the Whitewash Waiver, the Rights Issue Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Prospectus, without the Provisional Allotment Letters and the Excess Application Forms, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

*The Rights Issue is conditional upon the satisfaction of certain conditions as described in the section headed "Proposed Rights Issue – Conditions of the Rights Issue" in this announcement. In particular, it is subject to the approval of the Whitewash Waiver by the Independent Shareholders at the SGM, the Whitewash Waiver having been granted by the Executive, and the Underwriting Agreement having become unconditional and not having been terminated (see the section headed "Underwriting Arrangements – Termination of the Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.*

*Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.*

#### **PROPOSED RIGHTS ISSUE**

The Board announces that the Rights Issue is proposed with the terms set out as follows:

Basis of the Rights Issue	:	one Rights Share for every two existing Shares held on the Record Date and payable in full upon application
Number of Shares in issue as at the date of this announcement	:	1,704,999,000 Shares
Number of new Shares to be issued upon full exercise of the Vested Options (other than those granted to the Directors) <sup>(Note 1)</sup>	:	52,026,000 Shares

Number of Rights Shares/ Underwritten Shares	:	Not less than 852,499,500 Rights Shares <i>(Note 2)</i> but not more than 878,512,500 Rights Shares <i>(Note 2)</i>
Subscription Price	:	HK\$0.20 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue	:	Not less than 2,557,498,500 Shares but not more than 2,635,537,500 Shares
Fund raised before expenses	:	Not less than HK\$170,499,900 but not more than HK\$175,702,500

*Note 1: As at the date of this announcement, there were 83,163,500 outstanding Share Options, of which 66,426,000 Share Options are vested and exercisable on or before the Record Date (prior to the signing of the Option Undertakings). Among these 66,426,000 Vested Options, 14,400,000 Vested Options were granted to the Directors. Pursuant to the Option Undertakings, each of the Directors has undertaken to the Company and the Underwriter not to exercise their Share Options on or before the Record Date.*

*Note 2: The figure of 852,499,500 is calculated on the assumption that no Share Options will be exercised on or before the Record Date, and the figure of 878,512,500 is calculated on the assumption that all Vested Options (other than those granted to the Directors) will be exercised on or before the Record Date.*

The minimum number of 852,499,500 Rights Shares to be allotted and issued pursuant to the terms of the Rights Issue represents approximately 50.00% of the Company's existing issued share capital and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

The number of Rights Shares which may be allotted and issued pursuant to the Rights Issue will be increased in proportion to any additional new Shares which may be allotted and issued pursuant to the Share Option Schemes on or before the Record Date. As at the date of this announcement, there were 83,163,500 outstanding Share Options, of which 66,426,000 are Vested Options and 16,737,500 are not vested and exercisable on or before the Record Date. Among these 66,426,000 Vested Options, 14,400,000 Vested Options were granted to the Directors. Pursuant to the Option Undertakings, each of the Directors has undertaken to the Company and the Underwriter not to exercise their Vested Options from the date of the Option Undertakings up to and including the Record Date. As a result, only 52,026,000 Vested Options are exercisable on or before the Record Date after taking into account the Option Undertakings.

If all the subscription rights attaching to the Vested Options (other than those granted to the Directors) are duly exercised and Shares are allotted and issued pursuant to such exercise on or before the Record Date, the number of issued Shares is expected to be increased to 1,757,025,000 and the number of Rights Shares that may be issued pursuant to the Rights Issue is expected to be increased to 878,512,500. As at the date of this announcement, the Directors held an aggregate of 18,400,000 Share Options pursuant to the Share Option Schemes, of which an aggregate of 14,400,000 were Vested Options.

As at the date of this announcement, save as disclosed above, the Company has no other outstanding

derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

Save as disclosed above, as at the date of this announcement, the Underwriter and persons acting in concert with it did not hold any convertible securities, warrants or options or did not enter into any outstanding derivative in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

### **Subscription Price**

The Subscription Price is HK\$0.20 per Rights Share, payable in cash in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 55.56% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 53.70% to the average closing price of approximately HK\$0.432 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 53.49% to the average closing price of approximately HK\$0.430 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 45.50% to the theoretical ex-rights price of approximately HK\$0.367 per Share based on the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the recent closing prices of the Shares, the financial conditions of the Group and current market conditions.

The Directors (including the independent non-executive Directors) consider that discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company.

The Directors (excluding the independent non-executive Directors who will form their views after consulting the independent financial adviser to be appointed by the Independent Board Committee) consider the terms of the Rights Issue (including the rate of commission) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the SGM of an ordinary resolution to approve the Whitewash Waiver;
- (b) the Executive granting to the Underwriter the Whitewash Waiver on or before the Prospectus Posting Date;
- (c) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Rights Issue Documents duly certified by all Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Board (and with all other documents required to be attached thereto under the Companies Ordinance) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (d) the posting of the Rights Issue Documents to the Qualifying Shareholders and (subject to the restrictions, if any, under the relevant overseas laws and regulations) the posting of the Prospectus stamped "For Information Only" to the Non-Qualifying Shareholders, in each case, on the Prospectus Posting Date;
- (e) 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 permission to deal in, the Rights Shares, in nil-paid and fully-paid forms, before 8:00 a.m. on Tuesday, 11 December 2012, being the expected date of commencement of dealings in the nil-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter), and such listing and permission not being revoked prior to the Latest Time for Termination;
- (f) delivery of the duly executed Option Undertakings by each of the Directors who held Share Options to the Company and the Underwriter by facsimile transmission or otherwise and after the execution of the Underwriting Agreement, the original hard copies of which shall be delivered to the Company and the Underwriter by courier as soon as practicable and in any event within five Business Days after the date of the Underwriting Agreement;
- (g) fulfilment by the Directors who held Share Options of all of their obligations under the Option Undertakings;
- (h) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of this announcement) and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be



withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;

- (i) compliance by the Company with all of its undertakings and obligations under the Underwriting Agreement;
- (j) obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and
- (k) the filing of the Rights Issue Documents with the Registrar of Companies in Bermuda in accordance with the Companies Act.

If any of the conditions of the Rights Issue are not fulfilled and/or (in respect of the condition (i) above) waived in whole or in part by the Underwriter at or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriter may determine), neither the Company nor the Underwriter shall have any rights or be subject to any obligations arising from the Underwriting Agreement and the Rights Issue will not proceed. Save for condition (i) above, none of the other conditions of the Rights Issue is waivable.

#### **Fractions of the Rights Issue**

Fractional entitlements for the nil-paid Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company. Any unsold aggregate of fractions of nil-paid Rights Shares will be made available for Excess Application under the Excess Application Forms.

#### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu in all respects with the then existing Shares in issue on the date of allotment of the Rights Shares. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payment of stamp duty, Stock Exchange trading fees, SFC transaction levy and any other applicable fees and charges in Hong Kong.

The Board has not received any information from any substantial shareholders of the Company of their intention to take up the Rights Shares provisionally allotted or offered to them or to be provisionally allotted or offered to them.

## **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, any unsold Rights Shares created by adding together fractions of nil-paid Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the Excess Application Forms and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares being applied for at their discretion on a fair and equitable basis and on the following principles:

- (1) subject to the availability of excess Rights Shares, preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to board-lot holdings (unless the total number of excess Rights Shares is not sufficient to top up all odd-lots into whole board lots) and that such applications are not made with the intention to abuse such mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess Rights Shares on pro-rata basis with reference to their number of excess Rights Shares applied for, and with board-lot allocations to be made on a best effort basis. No reference will be made to the Rights Shares comprised in applications by Provisional Allotment Letters or the existing number of Shares held by the Qualifying Shareholders.

Shareholders with their Shares held by a nominee company (or which are held with CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the above arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company (or which are held with CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

Shareholders whose Shares are held by their nominee(s) (or which are held with CCASS) and who would like to have their names registered on the register of members of the Company at the close of business on the Record Date, must lodge all necessary documents with the Share Registrar for completion of the relevant registration by 4:30 p.m. on Wednesday, 28 November 2012 (the register of members of the Company will be closed from Thursday, 29 November 2012 to Wednesday, 5 December 2012, both days inclusive).

## **Share certificate and refund cheques for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by ordinary mail to the Qualifying Shareholders and

unsuccessful applicants who have validly accepted and applied for (where appropriate), and paid for the Rights Shares on Friday, 4 January 2013 at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares.

### **Share Option Schemes**

As at the date of this announcement, there were 83,163,500 outstanding Share Options. Pursuant to the terms of the Share Option Schemes, adjustments to the outstanding share options may be made in the event of any alteration in the capital structure of the Company including by way of a rights issue. Further announcement on the details of such adjustment (if any) will be made as and when necessary.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Rights Issue Documents to the Qualifying Shareholders; and (ii) the Prospectus, but without the related Provisional Allotment Letters and Excess Application Forms, to the Non-Qualifying Shareholders (if any) for information only.

To qualify for the Rights Issue, the Shareholders must be registered as members of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfer of Shares (with the relevant share certificate(s)) with the Company's Share Registrar by 4:30 p.m. on Wednesday, 28 November 2012 so as to enable them to be registered as members of the Company on the Record Date.

### **Non-Qualifying Shareholders**

If there are any Overseas Shareholders at the close of business on the Record Date, such Overseas Shareholders may not be eligible to take part in the Rights Issue.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be extended to such Overseas Shareholders who will become Non-Qualifying Shareholders. The results of enquiries and the basis of any exclusion of the Overseas Shareholders will be included in the circular and/or the Prospectus.

Arrangements will be made for Rights Shares which would otherwise be provisionally allotted in nil-paid form to the Non-Qualifying Shareholders to a nominee of the Company which will arrange for the sale of such nil-paid Rights Shares as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange, if a premium (net of expense) can be obtained. The nominee will thereafter account to the Company for the net proceeds of sale (after deduction of the expenses of sales). Any unsold nil-paid Rights Shares will be available for Excess Application. The net proceeds of sale of such nil-paid Rights Shares representing fractional entitlements shall be retained by the Company for its own benefit. The net proceeds of sale of such nil-paid Rights Shares which would have been provisionally allotted to the Non-Qualifying Shareholders shall be distributed by the Company to such Non-Qualifying Shareholders pro-rata to their shareholdings on the Record Date, except that individual amounts of less than HK\$100 shall not be distributed but shall be retained for the benefit of the Company.

The Overseas Shareholders, so long as they are Independent Shareholders, will be entitled to vote at the SGM to consider and, if thought fit, pass the resolution in relation to the Whitewash Waiver.

The Rights Issue Documents are not intended to be registered or filed under the applicable securities laws or equivalent legislation of any jurisdiction other than Hong Kong, Bermuda and Taiwan.

#### **Application for listing of the Rights Shares on the Stock Exchange**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Save as the Company listed 74,346,000 units of TDR on the Taiwan Stock Exchange Corporation as at the date of this announcement and each unit of TDR represents two Shares, none of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought. Relevant documents will be filed with the Taiwan Stock Exchange Corporation and the Central Bank of the Republic of China (Taiwan) in accordance with the applicable laws and regulations of Taiwan. The Rights Issue Documents will also be filed with the Registrar of Companies in Bermuda in accordance with the Companies Act.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

#### **Notice of book closure periods**

The register of members of the Company will be closed from Wednesday, 14 November 2012 to Monday, 19 November 2012 (both days inclusive) for the purpose of, among other things, determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Thursday, 29 November 2012 to Wednesday, 5 December 2012 (both days inclusive) for the purpose of, among other things, determining the eligibility for the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

*Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholding in the Company will be diluted.*

## **THE USE OF PROCEEDS AND REASONS FOR THE RIGHTS ISSUE**

### **THE USE OF PROCEEDS**

The proposed Rights Issue is intended to raise funds of approximately HK\$170 million (before expenses). The net proceeds from the Rights Issue after deducting expenses are estimated to be approximately HK\$165 million. The Company intends to apply the net proceeds from the Rights Issue for the following purposes:

- (i) as to approximately HK\$143 million for additional funding of the working capital requirements resulting from the extension of the credit terms offered to two major customers; and
- (ii) as to approximately HK\$22 million for the capital expenditure for the WM Business Plan.

### **REASONS FOR THE RIGHTS ISSUE**

#### **Business position of the Group**

The Group is principally engaged in the development and manufacturing of (1) mobile handsets, (2) wireless communications modules; and (3) display modules. The Group manufactures ODM mobile handsets for branded handset providers and develops wireless communications modules for industrial applications.

Since 2011, the Group has encountered difficulties in its businesses and suffered a significant deterioration in financial performance. Based on the unaudited results of the Company for the six months ended 30 June 2012 as set out in the Company's interim report, the Group recorded a loss attributable to Shareholders of approximately HK\$58.3 million, as compared to a loss attributable to Shareholders of approximately HK\$18.7 million in the corresponding period in 2011, and in the Group's mobile handset business, the Group recorded a significant loss of approximately HK\$79.6 million (before taxation) in the first half of 2012, as compared to a loss of approximately HK\$18.8 million (before taxation) in the corresponding period in 2011. As set out in the annual report of the Company for the year ended 31 December 2011, the Group recorded an audited loss attributable to Shareholders of approximately HK\$25.5 million, as compared to an audited profit attributable to Shareholders of approximately HK\$233.3 million for the year ended 31 December 2010.

The Directors attribute the deterioration to the increasingly competitive international mobile handset industry, where handset sales are increasingly concentrated in the globally dominant brands. The increasing dominance has resulted in other branded handset providers facing difficulties in their operations as the market demand for handsets has been adversely affected by the sluggish global economy. The Group suffered as a supplier to these branded handset providers which have responded to the competition with product price reduction, delay or termination of development of new products, tightening of credit terms, and a general reduction in volume.

Given the prevailing competitive landscape, the Directors believe the handset business will take time to recover. The business strategy of the Group as regards the handset business is to continue its ongoing efforts in the research and development of mid-range to high-end handsets, including 4G LTE smart phones. The Group aims to meet the increasingly strict quality specifications and price and payment terms requirements of key customers and operators. The Group also puts emphasis on maintaining a healthy financial position to survive in the competitive environment. With strong competitive edge in the wireless communications modules business and the display modules business, the Directors are confident of achieving growth in the medium to long term.

The reasons for the Rights Issue are as follows:

**(i) Extension of the credit terms of two major customers**

In the past, because of prudent risk management, the Group mainly focused on small or medium-sized customers with limited credit terms. As a result, the Group did not require substantial working capital to support its daily operations.

With stiff competition in the global handset industry, small and medium-sized handset providers have suffered and consolidated to form larger groups. Coupled with the uncertainties associated with the global business environment, the Group has increased its focus to serve certain key players in the market. In its handset business, the Group has collaborated with two major customers, accounting for approximately 57.3% and 45.1% of sales generated from the handset segment and total sales of the Group for the six months ended 30 June 2012, respectively. Under such increasingly difficult business environment, the Group has agreed to provide these two major customers with longer credit periods with a view that the Group is able to secure stable sales from them. Such lengthening of the credit periods increases the anticipated working capital requirement of the Group, therefore giving rise to a need for the Group to strengthen its financial position.

**(ii) The WM Business Plan**

In view of the diverse application for the wireless module business, the Company plans to develop the WM Business Plan in order to benefit from this growing business opportunity.

In the short run, the implementation of the WM Business Plan may involve the establishment of sales channels, project developments for such specific industries as utilities, medical, warehouse and retailing as well as product developments including importation to Android operating system and expansion of the spectrum of industrial usages.

The Directors consider additional bank borrowings for the above capital requirements will increase the Group's overall gearing ratio and burden the Group with increased interest expenses, thereby exposing the Group to greater financial risk. As such, the Directors are of the view that the Rights Issue is in the interest of the Group as the increase in the capital base of the Group would strengthen the financial position of the Group in the face of a challenging operating environment in the global mobile handset industry.

The Board considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future developments of the Group. Accordingly, the Directors, excluding the independent non-executive Directors who will form their views after consulting the independent financial adviser to be appointed by the Independent Board Committee, are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## **FUND-RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS**

The Company did not conduct any rights issue, open offer or other equity fund raising exercise in the twelve months immediately preceding the date of this announcement.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

The principal terms of the Underwriting Agreement are summarised as below:

Date	:	5 October 2012
Underwriter	:	Toman Investments Limited
Number of Underwritten Shares	:	All Rights Shares to be issued pursuant to the Rights Issue, being not less than 852,499,500 Rights Shares but not more than 878,512,500 Rights Shares
Commission	:	(i) 2 per cent. of the aggregate Subscription Price in respect of a maximum of 488,121,500 Underwritten Shares in which Independent Shareholders are entitled under the Rights Issue; and  (ii) Nil for the Underwritten Shares in which the connected persons of the Company (including Info Dynasty, Simcom (BVI), Intellipower, Mr Wong Cho Tung, Ms Yeung Man Ying and the Directors) are entitled under the Rights Issue,  payable by the Company to the Underwriter in cash upon completion of the Rights Issue

The underwriting arrangement pursuant to the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules but is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(3)(c) of the Listing Rules.

The payment of underwriting commission by the Company to the Underwriter constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the maximum underwriting commission to be paid by the Company to the Underwriter is approximately HK\$1.95 million and the applicable percentage ratios (as defined in the Listing Rules) are less than 25% and the amount is less than HK\$10,000,000, the payment of such underwriting commission to the Underwriter is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

The underwriting commission was determined on an arm's length basis between the Company and the Underwriter, having considered, among other things, the prevailing market condition and the commission payable in other similar transactions in the market. The Directors consider that the terms of underwriting arrangement (including the underwriting commission payable to the Underwriter) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **Conditions of the Underwriting Agreement**

The conditions of the Underwriting Agreement have been set out in the paragraph headed "Conditions of the Rights Issue" above.

#### **Termination of the Underwriting Agreement**

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the ability to terminate its obligations under the Underwriting Agreement on the occurrence of certain events. The Underwriter may terminate its commitment under the Underwriting Agreement at any time prior to the Latest Time for Termination if:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
  - (ii) any local, national or international event or change of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
  - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or



(iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or

(v) the occurrence of any event, or series of events, beyond the control of the Underwriter;

which, in the reasonable opinion of the Underwriter:

(1) is or will or is likely to have a material adverse effect on the business or financial condition of the Group as a whole or the Rights Issue; or

(2) has or will have or is likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or

(3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue; or

(b) there comes to the notice of the Underwriter:

(i) any matter or event showing any of the representations, warranties and undertakings made by the Company was, when given, untrue or misleading or as having been breached in any respect; or

(ii) any breach by any of the other parties to the Underwriting Agreement of any of their respective obligations or undertakings under the Underwriting Agreement or under the Option Undertakings,

then and in any such case the Underwriter may, upon giving notice to the Company terminate the Underwriting Agreement with immediate effect.

**If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed.**

## CHANGES IN SHAREHOLDING STRUCTURE

The below table shows the changes in the shareholding structure of the Company arising from the Rights Issue:

Shareholder	As at the date of this Announcement		Immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders under the Rights Issue and no exercise of the Vested Options on or before the Record Date		Immediately after completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue and no exercise of the Vested Options on or before the Record Date		Immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders under the Rights Issue and full exercise of the Vested Options (other than those Vested Options of the Directors) on or before the Record Date		Immediately after completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue and full exercise of the Vested Options (other than those Vested Options of the Directors) on or before the Record Date	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Underwriter and persons acting in concert with it (Notes 1 to 8)	775,918,000	45.51	1,163,877,000	45.51	1,628,417,500	63.67	1,163,877,000	44.16	1,654,430,500	62.77
Director (Note 9)	4,864,000	0.28	7,296,000	0.28	4,864,000	0.19	7,296,000	0.28	4,864,000	0.19
Public	924,217,000	54.21	1,386,325,500	54.21	924,217,000	36.14	1,464,364,500	55.56	976,243,000	37.04
<b>Total</b>	<b>1,704,999,000</b>	<b>100.00</b>	<b>2,557,498,500</b>	<b>100.00</b>	<b>2,557,498,500</b>	<b>100.00</b>	<b>2,635,537,500</b>	<b>100.00</b>	<b>2,635,537,500</b>	<b>100.00</b>

### Notes:

1. Info Dynasty, Intellipower, Simcom (BVI), Mr Wong Cho Tung, Ms Yeung Man Ying, the spouse of Mr Wong Cho Tung, Mr Wong Sun and Mr Wong Hei, Simon (both are the sons of Mr Wong Cho Tung) are persons acting in concert with the Underwriter under the Takeovers Code.
2. As at the date of this announcement, the Underwriter and persons acting in concert with it were interested in a total of 775,918,000 Shares representing approximately 45.51% of the existing issued share capital of the Company.
3. As at the date of this announcement, Info Dynasty owned 703,675,000 Shares, representing approximately 41.27% of the issued share capital of the Company. Mr Wong Cho Tung controlled more than one-third of the voting power of Info Dynasty and he was therefore deemed to be interested in all the 703,675,000 Shares held by Info Dynasty by virtue of Part XV of the SFO.
4. As at the date of this announcement, Intellipower owned 48,825,000 Shares, representing approximately 2.86% of the issued share capital of the Company. Intellipower was wholly-owned by Mr Wong Cho Tung and he was therefore deemed to be interested in all the 48,825,000 Shares held by Intellipower.
5. As at the date of this announcement, Simcom (BVI) owned 20,000,000 Shares, representing approximately 1.17% of the issued share capital of the Company. Simcom (BVI) was wholly-owned by Mr Wong Cho Tung and he was therefore deemed to be interested in all the 20,000,000 Shares held by Simcom (BVI).
6. As at the date of this announcement, Mr Wong Cho Tung and Ms Yeung Man Ying jointly owned 3,098,000 Shares via CCASS, representing approximately 0.18% of the issued share capital of the Company.
7. As at the date of this announcement, Ms Yeung Man Ying, the spouse of Mr Wong Cho Tung, controlled more than one-third of the voting power of Info Dynasty. Ms Yeung Man Ying is therefore deemed to be interested in all the 703,675,000 Shares held by Info Dynasty by virtue of Part XV of the SFO.

8. As at the date of this announcement, Ms Yeung Man Ying owned 320,000 Shares via CCASS, representing approximately 0.02% of the issued share capital of the Company.
9. As at the date of this announcement, Mr Zhang Jianping, a Director who is not a person acting in concert with the Underwriter, owned 4,864,000 Shares via CCASS, representing approximately 0.29% of the issued share capital of the Company.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue. Further announcement(s) will be made by the Company in accordance with the Listing Rules following the conclusion of the SGM and the completion of the Rights Issue.

## **APPLICATION FOR THE WHITEWASH WAIVER**

### **Whitewash Waiver**

As at the date of this announcement, the Underwriter and persons acting in concert with it were interested in a total of 775,918,000 Shares representing approximately 45.51% of the existing issued share capital of the Company.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the balance of the Rights Shares which are not taken up by the Qualifying Shareholders on a fully underwritten basis. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue and no exercise of the Vested Options on or before the Record Date, the Underwriter is therefore required to take up all the Underwritten Shares and the total shareholding of the Underwriter and persons acting in concert with it upon completion of the Rights Issue would amount to approximately 63.67% of the then issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Accordingly, the aggregate shareholding in the Company of the Underwriter and persons acting in concert with it upon completion of the Rights Issue may be increased from approximately 45.51% to 63.67%, thereby triggering an obligation for the Underwriter and persons acting in concert with it to make a mandatory offer under Rule 26.1 of the Takeovers Code to acquire all the Shares other than those already held by or agreed to be acquired by them.

In this regard, an application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders by way of poll at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will lapse and will not proceed.

## WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

*The Rights Issue is conditional upon the satisfaction of certain conditions as described in the section headed “Proposed Rights Issue-Conditions of the Rights Issue” in this announcement. In particular, it is subject to the approval of the Whitewash Waiver by the Independent Shareholders at the SGM, the Whitewash Waiver having been granted by the Executive, and the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Underwriting Arrangements-Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.*

*Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.*

## INFORMATION OF THE UNDERWRITER

The Underwriter is a company incorporated in the BVI with limited liability and 25% owned by Mr Wong Sun, 25% owned by Mr Wong Hei, Simon, 25% owned by Mr Wong Cho Tung and 25% owned by Ms Yeung Man Ying. Mr Wong Cho Tung, Ms Yeung Man Ying and Mr Wong Hei, Simon are Directors. Accordingly, the Underwriter is a connected person of the Company. The Underwriter is an investment holding company not engaged in the business of underwriting. As at the date of this announcement, the Underwriter and persons acting in concert with it were beneficially interested in approximately 45.51% of the issued share capital of the Company.

As at the date of this announcement, the Underwriter or any persons acting in concert with it have not received any irrevocable commitment to vote for or against the proposed resolution approving the Whitewash Waiver at the SGM. Save for the transactions contemplated under the Underwriting Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares entered into by the Underwriter or any persons acting in concert with it and which might be material to the Rights Issue and the Whitewash Waiver.

None of the Underwriter or parties acting in concert with it has any dealings in any securities of the Company in the six-month period preceding the date of this announcement.

As at the date of this announcement, save for the Underwriting Agreement, there is no arrangement or agreement to which the Underwriter or any persons acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue (other than those listed under “Conditions of the Rights Issue”) and the Whitewash Waiver. There is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Underwriter or any persons acting in concert with it has borrowed or lent as at the date of this announcement.

## EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled and/or waived (where appropriate).

All time and dates in this announcement are reference to Hong Kong local time and dates. Dates or deadlines specified in this announcement for events in the timetable below are indicative only and may be extended or varied. Any consequential changes to the anticipated timetable will be announced as and when appropriate.

Despatch of Company's circular with notice of the SGM .....	Friday, 26 October 2012
Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the SGM .....	4:30 p.m. on Tuesday, 13 November 2012
Register of members of the Company closes for the SGM (both days inclusive) .....	Wednesday, 14 November 2012 to Monday, 19 November 2012
Record date for the SGM .....	Wednesday, 14 November 2012
Latest time for lodging proxy form for the SGM (not less than 48 hours before time of the SGM) .....	9:30 a.m. on Saturday, 17 November 2012
SGM .....	9:30 a.m. on Monday, 19 November 2012
Announcement of results of the SGM to be published on the Stock Exchange website .....	Monday, 19 November 2012
Register of members of the Company reopens .....	Tuesday, 20 November 2012
Last day of dealings in Shares on a cum-rights basis .....	Monday, 26 November 2012
First day of dealing in Shares on an ex-rights basis .....	Tuesday, 27 November 2012
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue .....	4:30 p.m. on Wednesday, 28 November 2012

Register of members of the Company closes for the Rights Issue (both days inclusive) . . . . .	Thursday, 29 November 2012 to Wednesday, 5 December 2012
Record date for the Rights Issue . . . . .	Wednesday, 5 December 2012
Register of members of the Company reopens . . . . .	Thursday, 6 December 2012
Despatch of the Rights Issue Documents . . . . .	Friday, 7 December 2012
First day of dealing in nil-paid Rights Shares . . . . .	Tuesday, 11 December 2012
Latest time for splitting of nil-paid Rights Shares . . . . .	4:30 p.m. on Thursday, 13 December 2012
Last day of dealings in nil-paid Rights Shares . . . . .	Tuesday, 18 December 2012
Latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares . . . . .	4:00 p.m. on Friday, 21 December 2012
Underwriting Agreement becoming unconditional . . . . .	4:00 p.m. on Thursday, 27 December 2012
Announcement of results of allotment of the Rights Issue to be published on the Stock Exchange website . . . . .	Friday, 28 December 2012
Despatch of share certificates for fully-paid Rights Shares and refund cheques . . . . .	Friday, 4 January 2013
Commencement of dealings in fully-paid Rights Shares . . . . .	Monday, 7 January 2013

**EFFECT OF BAD WEATHER ON THE LATEST ACCEPTANCE DATE**

The Latest Acceptance Date will be postponed if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 21 December 2012. Instead, the Latest Acceptance Date will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in

the section headed "Expected timetable for the Rights Issue" in this announcement may be affected. An announcement will be made by the Company in such event.

## **LISTING RULES IMPLICATIONS**

The Underwriter is 25% owned by Mr Wong Sun, 25% owned by Mr Wong Hei, Simon, 25% owned by Mr Wong Cho Tung and 25% owned by Ms Yeung Man Ying. Both Mr Wong Sun and Mr Wong Hei, Simon, a Director, are the sons of Mr Wong Cho Tung, a Director and Ms Yeung Man Ying, a Director. Accordingly, the Underwriter is a connected person of the Company and the entering into of the Underwriting Agreement between the Company and the Underwriter (including the payment of underwriting commission) constitutes a connected transaction under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.31(3)(c) of the Listing Rules, provided that Rule 7.21(2) of the Listing Rules has been complied with, the allotment and issue of the Rights Shares to the Underwriter pursuant to the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules. As the Company has made arrangements to apply for the Rights Shares by the Qualifying Shareholders in excess of their entitlements under the Rights Issue as referred to in Rule 7.21(1) of the Listing Rules, Rule 7.21(2) of the Listing Rules has been complied with and the allotment and issue of the Rights Shares to the Underwriter pursuant to the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

The payment of underwriting commission by the Company to the Underwriter constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the maximum underwriting commission to be paid by the Company to the Underwriter is approximately HK\$1.95 million and the applicable percentage ratios (as defined in the Listing Rules) are less than 25% and the amount is less than HK\$10,000,000, the payment of such underwriting commission is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

Pursuant to Rule 7.19(6)(a) of the Listing Rules, since the Rights Issue would increase neither the issued share capital nor the market capitalisation of the Company by more than 50%, the Rights Issue is not conditional on approval by the Shareholders.

## **GENERAL**

The Whitewash Waiver is conditional on, among other matters, approval by the Independent Shareholders at the SGM. The resolution proposed to be voted at the SGM will be conducted by way of poll.

The Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM.

The Board which includes all members of the Independent Board Committee will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Underwriter and persons acting in concert with it and those who are involved in or interested in the Whitewash Waiver and their respective associates are required by the Listing Rules or the Takeovers Code to abstain from voting on the proposed resolution approving the Whitewash Waiver. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Underwriter and persons acting in concert with it, no Shareholders have material interest in the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolution at the SGM.

A circular containing, among other matters, further details of (i) the Rights Issue; (ii) the Whitewash Waiver; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Whitewash Waiver, together with a notice of SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Takeovers Code.

Upon passing of the necessary resolution by the Independent Shareholders at the SGM approving the Whitewash Waiver, the Rights Issue Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Prospectus, without the Provisional Allotment Letters and the Excess Application Forms, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for normal business in Hong Kong
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	SIM Technology Group Limited (stock code: 02000), a company incorporated in Bermuda with limited liability as an exempted company under the Companies Act and the issued Shares of which are listed on the Stock Exchange



“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Excess Application”	applications made by the Qualifying Shareholders in accordance with the terms of the Rights Issue Documents for Underwritten Shares in excess of Underwritten Shares provisionally allotted to them pursuant to the Rights Issue
“Excess Application Form(s)”	the form(s) of application for Rights Shares in excess of those provisionally allotted to the Qualifying Shareholders
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board (comprising Mr Liu Hing Hung, Mr Xie Linzhen and Mr Dong Yunting, all being independent non-executive Directors) established to advise the Independent Shareholders on the Whitewash Waiver
“Independent Shareholders”	Shareholders other than the Underwriter and persons acting in concert with it and those who are involved in or interested in the Whitewash Waiver and their respective associates who are required by the Listing Rules or the Takeovers Code to abstain from voting on the relevant resolution at the SGM
“Info Dynasty”	Info Dynasty Group Limited, a company incorporated in BVI with limited liability and 49.95% owned by Mr Wong Cho Tung, 49.95% owned by Ms Yeung Man Ying, 0.05% owned by Mr Wong Sun and 0.05% owned by Mr Wong Hei, Simon, respectively, a controlling shareholder of the Company

“Intellipower”	Intellipower Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr Wong Cho Tung
“Last Trading Day”	Friday, 5 October 2012, being the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of this announcement
“Latest Acceptance Date”	4:00 p.m. on Friday, 21 December 2012, the latest date upon which provisional allotments of Rights Shares in nil-paid form may be validly accepted
“Latest Time for Termination”	4:00 p.m. on Thursday, 27 December 2012 or such later time as may be agreed between the Company and the Underwriter, being the latest time by which the Underwriter may terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date but whose addresses as shown on such register are outside Hong Kong where the Directors, based on opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Option Undertakings”	the undertakings dated 5 October 2012 from each of the Directors who held Vested Options to the Company and the Underwriter not to exercise any of their Vested Options to subscribe for Shares granted pursuant to the Share Option Schemes from the date of the undertakings up to and including the Record Date
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus relating to the Rights Issue to be despatched to the Shareholders
“Prospectus Posting Date”	Friday, 7 December 2012 (subject to, if required, the approval of the Stock Exchange) or such other date as the Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents

“Provisional Allotment Letter(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 5 December 2012, the record date to determine entitlement to the Rights Issue, or such other date as may be agreed between the Company and the Underwriter
“Rights Issue”	the proposed issue of Rights Shares by the Company on the basis of one Rights Share for every two existing Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions contained and more particularly described in the Rights Issue Documents
“Rights Issue Documents”	the Prospectus, the Provisional Allotment Letters and the Excess Application Forms
“Rights Share(s)”	not less than 852,499,500 but not more than 878,512,500 Shares to be issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at which resolution will be proposed to consider, and, if thought fit, approve the Whitewash Waiver
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Options”	the outstanding options to subscribe for 83,163,500 new Shares granted to the Directors and employees of the Group pursuant to the Share Option Schemes
“Share Option Schemes”	the pre-IPO share option scheme and the post-IPO share option scheme both adopted by the Company on 30 May 2005
“Shareholder(s)”	the registered holder(s) of the Share(s)

“Share Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Simcom (BVI)”	Simcom Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr Wong Cho Tung
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.20 per Rights Share
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TDR”	the Taiwan depository receipts issued by the Trust Department of Yuanta Commercial Bank Limited (元大商業銀行股份有限公司信託部) and listed on the Taiwan Stock Exchange Corporation on 25 April 2011
“Underwriter”	Toman Investments Limited, a company incorporated in the BVI with limited liability and 25% owned by Mr Wong Sun, 25% owned by Mr Wong Hei, Simon, 25% owned by Mr Wong Cho Tung and 25% owned by Ms Yeung Man Ying.
“Underwriting Agreement”	the underwriting agreement dated 5 October 2012 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	not less than 852,499,500 Rights Shares but not more than 878,512,500 Rights Shares, being all the Rights Shares to be issued pursuant to the Rights Issue
“Vested Options”	66,426,000 Share Options which are vested and exercisable on or before the Record Date, prior to the signing of the Option Undertakings
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the Underwriter’s obligation to make a mandatory offer under Rule 26.1 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and persons acting in concert with it as a result of its underwriting obligations under the Underwriting Agreement

“WM Business Plan” the wireless module business plan of the Group

“%” per cent.

By order of the Board  
SIM Technology Group Limited  
Wong Cho Tung  
Director

Hong Kong, 5 October 2012

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Underwriter) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*The director of the Underwriter accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the executive directors of the Company are Ms Yeung Man Ying, Mr Wong Cho Tung, Mr Wong Hei, Simon, Mr Zhang Jianping, Ms Tang Rongrong and Mr Chan Tat Wing, Richard, and the independent non-executive directors of the Company are Mr Liu Hing Hung, Mr Xie Linzhen and Mr Dong Yunting.*

\* For identification purposes only