

DATE: 14 November 2022

**CONTEL TECHNOLOGY COMPANY LIMITED**  
(as “Company”)

and

**DL SECURITIES (HK) LIMITED**  
(as “Placing Agent”)

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**PLACING AGREEMENT**

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	amendments as may be made by the Company);
“Business Day”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited;
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) (Chapter 32 of the Laws of Hong Kong) Ordinance as may be amended, supplemented or otherwise modified from time to time;
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements” in the Announcement;
“Completion”	completion of this Agreement in accordance with the provisions of Clause 6;
“Completion Date”	the date being the third (3 <sup>rd</sup> ) Business Day immediately following (but excluding) the Latest Time for Termination provided all the conditions precedents set out under Clause 2.6 has been fulfilled, or such other date mutually agreed in writing by the Company and the Placing Agent;
“Complying Applications”	valid applications under the PALs in accordance with the terms of the Prospectus Documents together with cheques or cashier’s orders or other remittances for the full amount payable in respect of the Rights Shares being applied for under such PALs which are honoured on first or, at the discretion of the Company, subsequent presentation;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries (as that term is defined in the Listing Rules);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 13 December 2022 or such other time and/or date as may be determined by the Company, being the

	latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus;
“Latest Time for Placing”	6:00 p.m. on Wednesday, 21 December 2022, being the sixth (6 <sup>th</sup> ) Business Day after the Latest Time for Acceptance, being the latest time for the Placing Agent to determine the list of Placees and to notify the Company of the results of the Placing;
“Latest Time for Termination”	4:00 p.m. on Thursday, 22 December 2022, being the first (1 <sup>st</sup> ) Business Day after the Latest Time for Placing, being the latest time to terminate this Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as may be amended and supplemented or otherwise modified from time to time;
“Non-Qualifying Shareholders”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange in that place(s);
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company;
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) as shown on the register of members of the Company on the Record Date is/are in a place(s) outside Hong Kong;
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Parties”	the named parties to this Agreement and their respective successors and permitted assigns and the expression “Party” shall be construed accordingly;
“Permitted Issuance”	the issue of options, rights or Shares (a) pursuant to the employee share option scheme of the Company
“Placee(s)”	any professional, institutional or other investor which is independent of and not connected with the Company, its subsidiaries, any of its connected persons (as defined in the Listing Rules, including but not limited to, its directors, chief executive and substantial shareholders) or any of their respective associates, procured by or on behalf of the Placing Agent and/or any of its agent(s) to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations

hereunder;

“Placing”	the offer by way of private placing of the Placing Shares by the Placing Agent pursuant to Clause 2 upon the terms and subject to the conditions set out in this Agreement;
“Placing Period”	a period commencing from and inclusive of Thursday, 15 December 2022, being the second (2 <sup>nd</sup> ) Business Day immediately after the Latest Time for Acceptance, and ending at 6:00 p.m. on Wednesday, 21 December 2022, being the sixth (6 <sup>th</sup> ) Business Day after the Latest Time for Acceptance;
“Placing Price”	the price of each of the Placing Shares which shall be at least equivalent to the Subscription Price (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable), and the final price determination shall depend on the demand and market conditions of the Placing Shares during the Placing;
“Placing Share(s)”	the Unsubscribed Rights Share(s) and the NQS Unsold Rights Share(s) (if any);
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue;
“Prospectus Documents”	the Prospectus and the PAL;
“Qualifying Shareholder(s)”	the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and are not the Non-Qualifying Shareholders;
“Record Date”	Monday, 28 November 2022 or such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue (based on names recorded on the register of members of the Company) will be determined;
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price and subject to the conditions set out in this Agreement and the Prospectus Documents and as briefly described in the Announcement;
“Rights Shares”	up to 320,000,000 new Shares (assuming no new Shares and no repurchase of Shares on or before the Record Date) proposed to be offered to the Qualifying Shareholders under the Rights Issue;
“SFC”	Securities and Futures Commission of Hong Kong;

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended and supplemented or otherwise modified from time to time;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the issue price of HK\$0.063 per Rights Share at which the Rights Shares are proposed to be offered for subscription;
“subsidiary”	has the meaning ascribed to it in section 2 of the Companies (WUMP) Ordinance as at the date hereof;
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights, excluding those Rights Shares to be provisionally allotted to P. Grand (BVI) Limited and Kingtech (BVI) Limited for which subscription of Rights Shares will be subject to the irrevocable undertaking dated 14 November 2022;
“United States”	has the meaning under Regulation S of the US Securities Act; and
“US Securities Act”	the United States Securities Act of 1933, as may be amended from time to time.

- 1.2. In this Agreement, references to “Recitals”, “Clauses”, “sub-Clauses” and the “Schedule” are to recitals, clauses and sub-clauses of, and the schedule to this Agreement.
- 1.3. In this Agreement, the singular includes the plural, words importing one gender include the other gender and the neuter and references to persons include bodies corporate or unincorporate, in each case vice versa.
- 1.4. In this Agreement (save as otherwise expressly stated herein), references to any statutes or statutory provision or any rule or regulation (whether or not having the force of law) shall be construed as references to the same as amended, varied, modified, consolidated or re-enacted from time to time (whether before or after the date of this Agreement) and to any subordinate legislation made under such statutory provision.
- 1.5. Any reference to a document being "in the agreed form" means in the form of the document or the draft thereof signed for identification on behalf of the Company and the Placing Agent (as such other parties as may be relevant) with (in the case of a draft) such alterations (if any) as may be agreed between the Company and the Placing Agent (as such other parties as may be relevant).
- 1.6. The Recitals and 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 Recitals and the Schedules.

- 1.7. Headings of this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.
- 1.8. References to any date and time are references to the local date and time in Hong Kong

## 2. PLACING

- 2.1. Subject to Clauses 2.6 and 2.7 and the provisions of Clause 6, the Placing Agent agrees, on the terms and subject to the conditions set out in this Agreement, as Placing Agent of the Company and on a best effort basis, to procure Placees for, the Placing Shares at the Placing Price (together with such brokerage, transaction levy imposed by the SFC and the Stock Exchange trading fee as may be payable) during the Placing Period. The Company hereby appoints the Placing Agent as its placing agent to procure on a best effort basis Placees for the Placing Shares on the terms and subject to the conditions set out in this Agreement. The Parties agree that all such transaction levy together with brokerage (if any) as may be payable to the SFC for the Placing Shares and such trading fee as may be payable to the Stock Exchange for the Placing Shares shall be borne and payable by the Placees.
- 2.2. Any transaction lawfully, reasonably and properly carried out by the Placing Agent (and any sub-placing agent referred to in Clause 2.10) under and in accordance with this Agreement on behalf of the Company (and not as principal) shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its placing agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage (except for any loss or damage arising directly out of any fraud, willful default or negligence on the part of the Placing Agent or any sub-placing agent or their respective employees) to the Company arising from any such transaction or for any alleged insufficiency of the price (otherwise than as a result, of non-compliance by the Placing Agent with its obligations under this Agreement) at which the Placing Shares are sold hereunder.
- 2.3. The Company hereby confirms that the foregoing appointment confers on the Placing Agent in accordance with the provisions hereof all powers, authorities and discretions on its behalf which are lawfully reasonably and properly necessary for, or reasonably incidental to, the Placing and hereby agrees to approve, confirm and ratify everything which the Placing Agent shall lawfully and reasonably do or have done in the exercise of such powers, authorities and discretions in accordance with this Agreement.
- 2.4. The Placing Shares shall be offered by the Placing Agent as placing agent for the Company at the Placing Price (together with such brokerage, transaction levy imposed by the SFC and the Stock Exchange trading fee as may be payable by Placees) to whom it reasonably believes to be independent investors not connected with or acting in concert with the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries who will not be connected persons (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules), during the Placing Period, provided that no Placing Shares shall be offered to or placed with any person in circumstances which would constitute an offer to the public in Hong Kong within the meaning of the Companies (WUMP) Ordinance or in any other place or in any manner in which the securities laws or regulations of any place may be

infringed.

- 2.5. Subject to Clauses 2.6 and 2.7 and the provisions of Clause 6, the Company agrees to allot and issue the Placing Shares in accordance with the articles of association of the Company, all applicable laws of Hong Kong and the rules and regulations of the Stock Exchange, and the Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue and be free from all liens, charges, encumbrances and third-party rights together with all rights attaching thereto as at the Completion Date, including but not limited to the rights to receive all future dividends and other distributions thereafter declared, made or paid.
- 2.6. The Placing is conditional upon the following condition having been fulfilled:
- (a) the fulfilment of all the conditions as stated in the Announcement;
  - (b) none of the representations, warranties or undertakings contained in the Agreement given by the Company and the Placing Agent being or having become untrue, inaccurate or misleading in any material respect at any time before the Completion Date, and no factor or circumstance having arisen and nothing having been done or omitted to be done which would render any of such representations, warranties or undertakings untrue or inaccurate in any material respect if it was repeated as at the Completion Date;
  - (c) this Agreement not having been terminated in accordance with the provisions thereof; and
  - (d) all necessary consents and approvals to be obtained on the part of the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained. In particular, if approval concerning the offer or placing of the Placing Shares is required from any competent authority with jurisdiction over the Company as may be required under the applicable laws or regulations, such approval having been obtained.
- 2.7. In the event any of the conditions specified to in Clause 2.6 is not fulfilled by on or before the Latest Time for Termination (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the Parties hereunder in relation to the Placing shall cease and determine and none of the Parties shall have any claim against any other Party in respect of the Placing save for any antecedent breaches.
- 2.8. The Placing Agent shall procure that the Placees shall provide to the Company such information relating to the Placees and their ultimate beneficial owners as may reasonably be required by the Company for disclosure in the announcements of the Company or otherwise as may be required under the Listing Rules and by the Stock Exchange or other regulatory authorities (if applicable) and the Placing Agent shall procure that the relevant Placees give consents in writing to such disclosure.
- 2.9. The Placing Agent may, but is not required to, in turn appoint other sub-placing agent(s) to procure Placees for the Placing Shares. If the Placing Agent, at its sole and absolute discretion, appoints a sub-placing agent, the Placing Agent shall be responsible for any remuneration payable to such sub-placing agent appointed by it. The Placing Agent confirms and undertakes that it shall require any sub-placing agent or other person through



whom it may effect the Placing or offer any Placing Shares to observe the provisions of this Agreement. The Placing Agent shall be responsible (i) for any loss or damage arising out of any fraud, default or negligence on the part of the Placing Agent or any sub-placing agent involved in the Placing or (ii) as a result, directly or indirectly, from non-compliance by the Placing Agent or any sub-placing agent with its obligations under this Agreement. The Company hereby authorises and confirms that it will forthwith upon request by the Placing Agent ratify and approve all actions legally, properly and reasonably taken or to be taken by the sub-placing agent(s) and the Placing Agent in connection with the Placing in accordance with or in reasonable anticipation of the terms of this Agreement. The Company further acknowledges that the sub-placing agent(s) shall be entitled to rely on the representations, warranties and undertakings contained in this Agreement.

### 3. UNDERTAKINGS

- 3.1. The Company hereby undertakes to provide the Placing Agent, at its request, with all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Company as may be reasonably required by the Placing Agent in connection with the Placing for the purpose of complying with all requirements of applicable laws or of the Stock Exchange or of the SFC.
- 3.2. The Company shall procure that particulars of every significant new factor known to it which is in its reasonable opinion capable of materially affecting assessment of the Placing Shares in the context of the Placing which arises between the date hereof and the Completion Date shall be promptly provided to the Placing Agent.
- 3.3. Without prejudice to the foregoing obligations, the Company undertakes with the Placing Agent that it shall do all such other acts and things as may be reasonably required to be done by it to carry into effect the Placing in accordance with the terms of this Agreement.

### 4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE COMPANY

- 4.1. In consideration of the Placing Agent entering into this Agreement and agreeing to perform its obligations hereunder, the Company hereby represents, warrants and undertakes to the Placing Agent as follows:-
  - (a) all statements of fact contained in the Announcement are true and accurate and not misleading in all material respects and all statements of opinion, intention or expectation of the Directors in relation to the Company and/or any other member(s) of the Group contained therein (if any) are truly and honestly held and have been made on reasonable grounds after due and careful consideration, and there is no other material fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material respect or which is otherwise material in the context of the Placing;
  - (b) save as previously disclosed to the public in writing and so far as the Company is aware, there is no litigation, arbitration or other legal proceedings in progress or pending against any member of the Group which if decided adversely against the relevant member of the Group would have or have had a material adverse effect on the financial condition of the Group as a whole or which is material for disclosure in the context of the Placing;

- (c) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation and each member of the Group has power to own its assets and to conduct its business in the manner presently conducted and so far as the Company is aware, the Company is not aware of any petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group;
- (d) save as previously disclosed to the public in writing and so far as the Company is aware, it is not in material breach of any provision of the Listing Rules or any rule, regulation or requirement of the Stock Exchange or any provision of the SFO or any rule of requirement of the SFC and, other than the conditions set out in Clause 2.6, all necessary consents (if any) have been obtained from the Stock Exchange and other authority to complete the Placing in the manner contemplated;
- (e) save as previously disclosed to the public in writing and so far as the Company is aware, there is no enquiry, investigation, order, decree or judgment of any court or governmental agency or regulatory body outstanding against any Director or any member of the Group which may have a material adverse effect upon the financial condition of the Group (taken as a whole) or which is material in the context of the Placing;
- (f) save as previously disclosed to the public in writing and so far as the Company is aware, no material outstanding indebtedness of any member of the Group has become payable or repayable by reason of any default of any member of the Group and no event has occurred which may result in such indebtedness becoming payable or repayable prior to its maturity date, in a demand being made for such indebtedness to be paid or repaid or in any step being taken to enforce any security for any such indebtedness of any member of the Group;
- (g) save as previously disclosed to the public in writing and so far as the Company is aware or otherwise in the ordinary course of business, no member of the Group is a party to or under any obligation which is material and which is of an unusual or unduly onerous nature; no member of the Group is in breach of or in default of any contract or agreement which may have or has had a material adverse effect upon the financial condition of the Group (taken as a whole); or which is material for disclosure;
- (h) the audited consolidated accounts for the Group for the financial year ended on 31 December 2021 and the unaudited consolidated accounts for the Group for six months to 30 June 2022 :
  - (i) have been prepared on a consistent basis (save as disclosed therein) and in accordance with generally accepted accounting principles in Hong Kong; and
  - (ii) so far as the audited consolidated results of the Group for the year ended 31 December 2021 is concerned, showed a true and fair view of the state of affairs of the Group as at 31 December 2021 and of its results for the period in question;

- (i) the Company has power under its constitutional documents to enter into this Agreement and this Agreement has been duly authorised and when duly executed, constitutes legally binding and enforceable obligations of the Company;
- (j) except for the Permitted Issuances, no unissued share capital of any member of the Group is under any option or agreed conditionally or unconditionally to be put under any option and no person has any outstanding warrant, pre-emptive right or any other right of any description to require shares to be allotted or issued by any member of the Group;
- (k) the entire existing issued share capital of the Company is listed on the Main Board operated by the Stock Exchange and so far as the Directors are aware after making all due enquiries, the Company is not aware of any circumstances whereby such listing will be suspended, cancelled or revoke on or before Completion (save for trading suspension or halt pending publication of the announcement in connection with, amongst other things, the Rights Issue);
- (l) with respect to all publication and announcements made by the Company on the Stock Exchange's website (the "**Previous Announcements**"), all statements of fact contained therein were as at the date when such Previous Announcements were issued with reference to the facts then existing true, accurate and not misleading in all material respect and all expressions of opinion or intention contained therein were as at the date when such Previous Announcements were issued with reference to the facts then existing made on reasonable grounds after due and careful enquiries and were truly and honestly held by the Directors and were fairly based and there were no other facts known to the Directors the omission of which would make any such statement or expression in any of the Previous Announcements misleading in all material respect or which is otherwise material in the context of Placing;
- (m) the Company shall make all appropriate disclosures pursuant to, and will comply in all respects with, the Listing Rules, the SFO and other applicable laws and regulations in connection with the Placing; and
- (n) the Company shall use the net proceeds from the sale of the Placing Shares pursuant to the Placing in the manner to be specified in the relevant announcement of the Rights Issue and will not, directly or indirectly, use the proceeds of the sale of the Placing Shares to fund activities or business with any government, individual or entity that is the subject of any administered sanctions of the U.S. Department of the Treasury's Office of Foreign Assets Control, or in a manner that would otherwise cause any person (including, without limitation, the Placing Agent, any of its affiliates and agents and purchasers of the Placing Shares) to violate administered sanctions of the U.S. Department of the Treasury's Office of Foreign Assets Control and any other applicable anti-money laundering laws and/or regulations in Hong Kong, the People's Republic of China and any other competent jurisdiction.

4.2. The Company represents, warrants and undertakes to the Placing Agent that:

- (a) the Placing Shares when issued will be allotted and issued in accordance with its constitutional documents, with all relevant laws of Hong Kong and the Cayman Islands and the rules and regulations of the Stock Exchange and will rank *pari passu* in all respects with all other Shares in issue as at the Completion Date;

- (b) subject to the conditions set out in Clause 2.6 being satisfied, the Company has full power and authority to issue the Placing Shares;
- (c) the Placing Shares will, on allotment and issue, be free from all liens, charges, encumbrances and third party rights of whatsoever nature and together with all rights attaching thereto at the date of such allotment, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Shares, the record date for which shall fall on or after the Completion Date.
- (d) the Company has the power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Company which shall be enforceable against the Company in accordance with its terms and conditions;
- (e) the Company undertakes to indemnify the Placing Agent, its delegates, affiliates and the sub-placing agents and their respective directors, employees, officers and shareholders (collectively referred to as the “**Indemnified Persons**”) and to hold each of the Indemnified Persons fully and effectively indemnified against all losses, liabilities, damages, costs, charges and expenses (including but without limitation, legal fees, liabilities, costs and expenses) reasonably and properly incurred, claims, actions, investigations, demands, proceedings, regulatory enquiries or judgment which may be brought, incurred or suffered or alleged or threatened to be brought against or incurred or suffered by any or all of the Indemnified Persons as a result of, or arising out of, or in relation to, any misrepresentation or alleged misrepresentation or any breach or alleged breach of any of the aforesaid representations, warranties or agreements of the Company in Clauses 4.2(a) to (d) except for any loss or damage directly caused by or resulted from any fraud, wilful default or gross-negligence as finally adjudged on the part of the relevant Indemnified Persons by the competent court in Hong Kong or as a result, directly or indirectly, from non-compliance by the Placing Agent or any sub-placing agent with its obligations under this Agreement; and
- (f) no claim shall be made against any or all of the Indemnified Persons by the Company to recover any damages, losses, claims, costs, charges or reasonable expenses which the Company may suffer or incur by reason of or arising from the carrying out by or on behalf of the Placing Agent of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing except for any loss or damage directly caused by or resulted from any fraud, wilful default or gross-negligence as finally adjudged on the part of the relevant Indemnified Persons by the competent court in Hong Kong or as a result, directly or indirectly, from non-compliance by the Placing Agent or any sub-placing agent with its obligations under this Agreement.

4.3. Each of the Parties hereby undertakes to the other to procure that no disclosure or public announcement or communication (other than the Announcement, the Company’s results announcements for the year ended 31 December 2021 and for the six months ended 30 June 2022, and the Prospectus Documents) concerning the Placing which is material in relation to the Placing shall be made or despatched between the date hereof and the Completion Date without the prior written consent of the other Parties as to the context, timing and manner of making or despatch thereof, save as required by law, the Listing Rules or other

applicable rules or regulations or the Stock Exchange or the SFC or any regulatory authority or body in Hong Kong or elsewhere.

- 4.4. The representations and warranties contained in this Clause 4 are deemed to be given as at the date hereof and at the Completion. Each of the Company and the Placing Agent (as the case may be) hereby undertakes to notify the other Party of any matter or event coming to its attention prior to Completion which would be reasonably considered to render or have rendered any relevant representation or warranty to be or have been untrue or inaccurate at the date hereof or at any time prior to Completion.

5. PLACING AGENT'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

5.1. The Placing Agent represents, warrants and undertakes to the Company as follows:

- (a) it will procure Placees on a best efforts basis to subscribe for the Placing Share;
- (b) the Placing will be a private placement of securities and not an offer to public within the meaning of the Companies (WUMP) Ordinance and that it will procure Placees for the Placing Shares only in the course of communications with them over the telephone or email and without the despatch of documents until after legally binding commitments to subscribe the Placing Shares (or any part thereof) have been obtained from each Placee in the course of such communications;
- (c) that it will confine all statements it makes during the course of those communications referred to in Sub-clause (b) above strictly within the limits of the information contained in the Announcement and the Prospectus;
- (d) neither the Placing Agent nor any of the affiliates or persons acting on behalf of the Placing Agent has made or will make, in their respective capacities as agent of the Company in connection with the Placing, to any person to whom any of the Placing Shares may be offered any representation or statement regarding the Company or its subsidiaries or the financial or business position or prospects of the Company or its subsidiaries which has not at the time of making the same been disclosed to the public in writing by the Company;
- (e) that it will ensure that the terms and conditions on which each Placee will subscribe for the Placing Shares and the number of such Placing Shares to be subscribed are covered in precise terms and agreed with each Placee, such terms and conditions to be identical with respect to each Placee and which shall provide that each subscription is conditional on the conditions set out in Clause 2.6 of this Agreement being satisfied;
- (f) that it will not, directly or indirectly, offer or sell any Placing Shares or distribute or publish any documents in relation to the Placing in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Placing Shares and the distribution and publication of any document relating thereto will be made in compliance with those laws and regulations;
- (g) no action has been or will be taken directly or indirectly in any jurisdiction that would result in a public offering of the Placing Shares and neither it nor persons

acting on its behalf will offer or sell any Placing Shares otherwise than in compliance with applicable laws and regulations in each jurisdiction in which any such offer or sale takes place, and without prejudice to the generality of the foregoing, as the Placing Shares have not been and will not be registered under the US Securities Act, they may not be offered, sold, transferred and delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and accordingly the Placing Shares have not been and will not be offered or sold to a buyer in the United States, except to those persons it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the US Securities Act). Neither it nor any person acting on its behalf has engaged or will engage in any directed selling efforts in the United States (as defined in Regulation S under the US Securities Act) or any form general solicitation or general advertising (each as used in Rule 5.02(c) of Regulation D under the US Securities Act) with respect to the Placing Shares;

- (h) that it will use best endeavours to satisfy itself that and receive a written confirmation from each Placee procured by it for the Placing Shares that such Placee and its ultimate beneficial owner(s) (if any) are third parties independent of, and not connected to the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of its or their respective associates and will not be connected persons of the Company, and that such Placee and (where applicable) its ultimate beneficial owner(s) are not acting in concert with other Placees in relation to acquisition or consolidation of control of the Company within the meaning of the *Hong Kong Code on Takeovers and Merger* issued by the SFC (“**Takeovers Code**”). For the purposes of this Clause 5.1(h), “associates”, “substantial shareholder” and “connected persons” shall have the same meanings ascribed thereto under Rule 1.01 of the Listing Rules and “acting in concert” shall have the meaning ascribed thereto under the Takeovers Code;
- (i) that it shall make available and promptly supply, or procure the Placees of the Placing Shares to make available and promptly supply, to the Stock Exchange and/or the SFC together with any confirmation(s) of independence required under the Listing Rules or by the Stock Exchange, all information in relation to the Placees of the Placing Shares which may be required by the Stock Exchange and/or the SFC;
- (j) that it shall use best endeavours to satisfy itself that each of the Placees shall not hold such Placing Shares, as to represent 10% or more of the Company’s existing issued share capital as at the date hereof and as the Completion Date;
- (k) that it has full power and authority to enter into and perform its obligations under this Agreement and has completed all necessary corporate action, and obtained all other consents and approvals, required to authorize the execution and performance of this Agreement and this Agreement will, when executed, constitute binding obligations on the Placing Agent in accordance with its terms;
- (l) that it will comply with the requirements provided under the Listing Rules (including without limitation Appendix 6 thereto) and all applicable laws and regulations in each jurisdiction in which it may offer Placing Shares;
- (m) it shall, or shall procure its sub-agents to, provide a list of the Placees and their particulars and other relevant information in respect of the Placing to the Stock

Exchange and/or the SFC, together with any confirmation(s) of independence required under the Listing Rules or by the Stock Exchange;

- (n) it is not a connected person (as defined in the Listing Rules) and is independent of and not connected with the Company and their connected persons (as defined in the Listing Rules), directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Company and any of its subsidiaries or any of their respective associates;
  - (o) that it will procure that its sub-agents (if any) will observe, agree to and comply with, and will be bound by, the provisions of this Clause 5.1 as if such sub-agents were parties hereto for the purposes of this Clause 5.1 (but the Placing Agent shall nevertheless remain liable for all acts and omissions of any sub-agents appointed by it); and
  - (p) it will, to the extent it may reasonably do so, cooperate with the Company to assist the Company to comply with any applicable law, regulation or direction of the Stock Exchange, the SFC or any other applicable regulatory body in connection with the Placing.
- 5.2. The Placing Agent shall, if so required, deliver to the Stock Exchange as soon as practicable a duly signed marketing statement in the form of Form D of Appendix 5 to the Listing Rules (with a copy to be forwarded to the Company concurrently).
- 5.3. The Placing Agent represents, warrants and undertakes to the Company that it has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably have been expected to cause or result in stabilisation or manipulation of the price of the Placing Shares, except for stabilisation activities conducted in accordance with applicable law and stock exchange requirements, if so permitted.
- 5.4. The Placing Agent shall provide (and procure the sub-placing agents to provide) a list of the Placees to the Stock Exchange and (if required) the Executive Director of the Corporate Finance Division of the SFC (or any delegate of the Executive Director).
- 5.5. The Placing Agent hereby represents, warrants and undertakes that it shall comply at all times with the relevant bookbuilding conduct requirements provided under Paragraph 21 of the *Code of Conduct for Persons Licensed by or Registered with the SFC* and such relevant requirements concerning placing activities as set out under the *Consultation Conclusions on (i) the Proposed Code of Conduct on Bookbuilding and Placing Activities in Equity Capital Market and Debt Capital Market Transactions and (ii) the "Sponsor Coupling" Proposal*.

## 6. COMPLETION

- 6.1. Completion shall take place at 4:00 p.m. on the Completion Date at the principal place of business in Hong Kong of the Company (or such other place as the parties may mutually agree) when all (but, not part only) of the following business shall be transacted:
- (a) the Placing Agent shall at Completion (i) deliver to the Company copy of the Placing Agent's confirmation of independence of the Placees submitted to the Stock

Exchange and shall notify the Company in writing the names (including ultimate beneficial owner) of the Placees and the number and denomination of the Placing Shares to be issued and allotted to them and/or the particulars of the relevant CCASS participants' account or investor participants' account at least two (2) Business Days prior to the Completion Date, and (ii) effect payment to the Company by either the delivery of one or more cashier's order(s) issued by a licensed bank in Hong Kong or payment of an amount in immediately available funds in Hong Kong dollars made for value in such manner as shall be found by the Company in its reasonable opinion to be acceptable equal to the aggregate Placing Price payable for the aggregate number of Placing Shares so subscribed (after deduction of the placing fees and expenses referred to under Clause 7); and

- (b) against compliance with Clause 6.1(a) by the Placing Agent, the Company shall allot and issue credited as fully paid to the Placees (or where appropriate HKSCC Nominees Limited) the Placing Shares and shall procure that the Placees (or where appropriate HKSCC Nominees Limited) are registered on the branch register of members of the Company in Hong Kong in respect thereof, and shall deliver or procure the delivery to the Placing Agent definitive share certificates for the Placing Shares in board lots or an integral multiple thereof issued in the name of the respective Placees (and/or the Placing Agent) and in accordance with instructions given in the application to be delivered as referred to above or, if so required by any Placee, share certificates for the Placing Shares to the depositary for HKSCC Nominees Limited for credit to such CCASS participants' accounts or investor participants' accounts as may be designated by such Placee.
- 6.2. The Placing Agent shall ensure that it receives a confirmation from each Placee and satisfy itself from the Placees that the Placees will be third parties independent of and not acting in concert with any connected persons (as defined in the Listing Rules), including but not limited the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of its or their respective associates (as defined in the Listing Rules) and will not be connected persons (as defined in the Listing Rules) of the Company. The Placing Agent shall as soon as practicable prior to Completion and in any event within the time limits (if any) imposed by the Stock Exchange and the relevant regulatory authorities provide particulars of the Placees to the Stock Exchange and the Company as any or either of them may direct, including names, addresses, number of Placing Shares acquired and such other information as required by the Stock Exchange and/or the relevant regulatory authority or governmental agency in Hong Kong for delivery to the Stock Exchange and/or the relevant authority or governmental agency in Hong Kong and warrant that it has all necessary authorisations from the Placees in connection therewith.

## 7. PLACING FEES AND EXPENSES

- 7.1. The placing fee payable by the Company to the Placing Agent shall be 3.5% of the gross proceeds from the subscription of the Placing Shares, which the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 6.1.
- 7.2. In addition to the fee referred to in Clause 7.1 the Company shall pay the transaction levy imposed by the SFC and the Stock Exchange trading fee as may be payable (where required) and the costs of publishing the Announcement, and all charges, fees and expenses of the Company's share registrar including (without limitation) their fees and expenses in



effecting the issue of the Placing Shares, and the issue of certificates therefor in board lots, to the Placees or, where applicable, the Placing Agent or its nominees, all of which amounts the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company pursuant to Clause 6.1.

- 7.3. Subject to Clause 7.4 below, the Company shall pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing.
- 7.4. Each of the Parties hereto shall be liable for its own costs and expenses (including fees of legal and other professional advisers) incurred in connection with the Placing and their associated transactions.
- 7.5. The Placing Agent shall solicit the Placees to pay all Hong Kong stamp duty (if any), brokerage, trading fees and SFC transaction levy on the part of the Placees as may be payable in respect of the Placing.

## 8. TERMINATION OF THE PLACING

- 8.1 Unless otherwise agreed between the Company and the Placing Agent, the appointment in respect of the Placing Agent hereunder shall terminate simultaneously upon the earlier of (a) Completion and (b) termination of this Agreement, whichever is earlier.
- 8.2 The Placing Agent reserves its right to terminate the arrangements set out in this Agreement by notice in writing at or prior to the Latest Time for Termination (or such later date as may be agreed between the Parties), if in its absolute opinion, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of such Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of such Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or such Placing Agent to proceed with the Placing; or
- (c) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in

securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of such Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or such Placing Agent to proceed with the Placing; or

- (d) any moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong or any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, due to exceptional financial circumstances or otherwise at any time prior to the Completion Date.

8.3 If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement relating to this Agreement or circulars or Prospectus Documents relating to the Rights Issue; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing;

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under this Agreement.

8.4 Upon (i) giving of notice pursuant to the paragraphs above; and/or (ii) all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, all obligations of the Placing Agent who has given such notice hereunder shall cease and determine and no Party shall have any claim against any other Parties in respect of any matter or thing arising out of or in connection with this Agreement, save for any antecedent breaches.

8.5 For the avoidance of doubt, Clauses 7 (placing fees and expenses), 8 (termination of the Placing), 12 (third party rights), 13 (confidentiality) and 14 (governing law) of this Agreement shall survive the termination of this Agreement. The rights and responsibilities of each of the Company and the Placing Agent accrued up to termination of this Agreement shall survive termination.

## 9. MISCELLANEOUS

9.1. All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed.

9.2. This Agreement may be executed in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties. A party may execute this Agreement and the documents referred to herein on a facsimile copy counterpart and deliver his signature and seal by facsimile.

9.3. Time shall be of the essence of this Agreement.

## 10. NOTICES

10.1. Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively, "communication" in this Clause 10) shall be in writing in either the English or the Chinese language and may be served or given personally or sent to the address (including cable address) or facsimile numbers (if any) stated after the relevant Party's name at the beginning of this Agreement or, where relevant, to the registered office for the time being of the Party to be served, or to such other address (which must be in Hong Kong) as may have been last notified in writing by such Party to the party serving the communication specifically referring to this Agreement. All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

### Means of despatch

### Time of deemed receipt

Local mail or courier  
Facsimile  
Air courier/Speedpost  
Airmail

twenty four (24) hours  
on despatch  
three (3) days  
five (5) days

10.2. A communication served in accordance with Clause 10.1 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile or cable to the addressee.

10.3. Nothing in this Clause 10 shall preclude the service of communication or the proof of such service by any mode permitted by law.

## 11. SUCCESSORS AND ASSIGNS

11.1. This Agreement shall be binding on and shall enure for the benefit of each Party's successors and assigns and personal representatives (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of either Party without the prior written consent of the other Party.

## 12. THIRD PARTY RIGHTS

12.1. Except as expressly provided for in this Agreement, any person who is not a Party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties)

Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any term of this letter. Notwithstanding any provision in this Agreement, the rights of the Parties to terminate, rescind, or agree on any variation, waiver, or settlement under this Agreement are not subject to the consent of any third party at any time.

### 13. CONFIDENTIALITY

13.1. The Parties agree that no communication or advice (written or oral), other than public information, rendered by one Party pursuant to this Agreement may be disclosed to any third party or to the public without the prior written consent of the other Party, unless disclosure is required by applicable laws and regulations or upon request by regulatory authorities, in which case the Party shall notify the other Party prior to making any such disclosure to the extent practicable.

### 14. GOVERNING LAW

14.1. This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

14.2. The Parties irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

*[NB: The remainder of this page is intentionally left blank]*

IN WITNESS whereof the Parties or their duly authorised representatives have executed this Agreement on the date first before appearing.

THE COMPANY

SIGNED by  
for and on behalf of  
**CONTEL TECHNOLOGY  
COMPANY LIMITED**

in the presence of: *AN KA MAN SILKIE*

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*Silkie*

IN WITNESS whereof the Parties or their duly authorised representatives have executed this Agreement on the date first before appearing.

THE PLACING AGENT

SIGNED by Sun Yu  
for and on behalf of  
**DL SECURITIES (HK) LIMITED**  
in the presence of:

Zhou Yiming

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)  
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