
UNDERWRITING

HONG KONG UNDERWRITERS

DBS Asia Capital Limited
Kim Eng Securities (Hong Kong) Limited
China Everbright Securities (HK) Limited
Quam Securities Company Limited
RaffAello Securities (HK) Limited

HONG KONG UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 60,000,000 Hong Kong Public Offer Shares (subject to adjustment and the Over-allotment Option) for subscription by way of the Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement (including the Sole Global Coordinator, on behalf of the Underwriters, and us, for ourselves and on behalf of the Selling Shareholder, agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe, or procure subscribers to subscribe, for the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms. The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscriptions for the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) either (i) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by our Company, or our Controlling Shareholders or our executive Directors; or (ii) any of the representations, warranties and undertakings given by our Company, our Controlling Shareholders or our executive Directors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading in any respect; or
- (b) any statement contained in this prospectus, the Application Forms, the formal notice or any announcement, document or circular published or issued by our Company or the Selling Shareholder for the purposes of or in connection with the Hong Kong

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Public Offering and the International Placing (including any supplement or amendment thereto) (together the “**Offer Documents**”) considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Joint Sponsors in their opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the opinion of the Sole Global Coordinator and the Joint Sponsors, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

- (c) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of publication of this prospectus, constitute an omission therefrom considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Joint Sponsors in their opinion to be material in the context of the Global Offering; or
- (d) any event, act or omission which gives or is likely to give rise to any liability of any of the parties giving the relevant undertaking pursuant to the indemnity provisions in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (e) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any members of our Group considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Joint Sponsors in their opinion to be material in the context of the Global Offering; or
- (f) the approval by the Stock Exchange of the Listing, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (g) our Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or
- (h) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or
- (i) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed

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for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

- (j) an authority or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any of the Directors and senior management of our Company as set out in the section headed “Directors, senior management and staff” in this prospectus; or
- (k) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (l) any of the Directors and senior management of our Company as set out in the section headed “Directors, senior management and staff” in this prospectus being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or
- (m) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (n) a contravention by any member of our Group or any Director of the Companies Ordinance or any of the Listing Rules; or
- (o) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or
- (p) non-compliance of this prospectus (and/or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or
- (q) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange other than with the approval of the Sole Global Coordinator and the Joint Sponsors; or
- (r) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (s) the chairman, chief executive officer, deputy chief executive officer or chief financial officer of our Company vacating his or her office; or

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- (t) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (u) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person);

and which, with respect to any of paragraphs (a) through (u) above, individually or in the aggregate in the opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Joint Sponsors (after consultation with each other):

- (A) has or is or will or could be expected to have an adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective Shareholder in his, her or its capacity as such; or
 - (B) makes or will make or may make it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or
- (v) there will have developed, occurred, happened or come into effect any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or representing a change or development, or prospective change or development, concerning or relating to:
- (i) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1) or such related or mutated forms) or interruption or delay in transportation); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, regional, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the Cayman Islands, the BVI, the European Union or any

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member thereof, Japan or any other jurisdiction relevant to any member of our Group, any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the NASDAQ National Market, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures or matters in or affecting Hong Kong or anywhere in the world; or

- (iii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings of any public, regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of the jurisdictions in which any member of our Group is incorporated or the Shares are to be listed or our Group's business is carried out or our Group's asset is held, including (without limitation) the PRC, Switzerland and Hong Kong (“**Laws**”) or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the Cayman Islands, the BVI, Japan, the European Union (or any member thereof) or any other jurisdictions relevant to any member of our Group or the Global Offering (the “**Specific Jurisdictions**”); or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), the PRC, New York (imposed at the United States federal or New York state level or otherwise), London, the European Union or any member thereof, Japan or any other jurisdiction relevant to any member of our Group, or a disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions; or
- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States or the European Union (or any member thereof) on Hong Kong, the PRC, the European Union (or any member thereof) or any of the Specific Jurisdictions; or
- (vi) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, a

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material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in any of the Specific Jurisdictions or affecting an investment in the Shares; or

- (vii) an event where, as a result of market conditions or otherwise, a material portion of the orders in the book-building process at the time the International Underwriting Agreement is entered into, has been withdrawn or cancelled, and the Sole Global Coordinator, in its absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering;

and which, with respect to any of clauses (v)(i) through (vii) above, individually or in the aggregate in the absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (A) has or is or will or could be expected to have an adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective Shareholder in his, her or its capacity as such; or
- (B) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or
- (C) makes or will make or may make it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or
- (D) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof,

then the Sole Global Coordinator, in its sole and absolute discretion, may, on behalf of the Hong Kong Underwriters, and in respect of events set out under paragraphs (a) to (u) above, the Joint Sponsors after consultation with each other, may terminate the Hong Kong Underwriting Agreement with immediate effect.

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RESTRICTIONS AND UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Restrictions imposed on our Company

Under Rule 10.08 of the Listing Rules, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Restrictions imposed on and undertaking by the Controlling Shareholders

Under Rule 10.07(1) of the Listing Rules:

- (a) each of our Controlling Shareholders shall not and shall procure that the relevant registered holder(s) shall not in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (“**First Six Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which they are shown by this prospectus to be the beneficial owners; and
- (b) in the period of six months immediately after the expiry of the First Six Month Period (“**Second Six Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be the controlling shareholders (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has also undertaken to our Company and the Stock Exchange that within the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, each of them will:

- (a) when he/it pledges or charges any Shares beneficially owned by him/it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

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We will inform the Stock Exchange as soon as we have been informed of the above matters by our Controlling Shareholders by way of an announcement which will be published in accordance with the requirements under the Listing Rules as soon as possible.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by the Company

We have undertaken to each of the Sole Global Coordinator and the Hong Kong Underwriters that at any time from the date of the Hong Kong Underwriting Agreement up to and including the date ending the First Six Month Period, we will not (except for the issue of Shares under the Global Offering, the Over-allotment Option, the Capitalisation Issue and any options which may be granted under the Share Option Scheme, or the grant of options under the Share Option Scheme) without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) (subject to the requirements set out in the Listing Rules):

- (a) offer, accept subscription for, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, either directly or indirectly, conditionally or unconditionally, or repurchase, any of the share capital or securities of our Company or any interest in our securities or any voting right or any other right attaching thereto (including but not limited to any securities convertible into, exercisable or exchangeable for, or that represent the right to receive such share capital or securities or any interest in our share or debt capital); or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share or debt capital or securities or any interest in our securities or any voting right or any other right attaching thereto; or
- (c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) publicly announce any intention to enter into any transaction described in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise. We further agree that in the event of an issue or disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto during the Second Six Month Period, we will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the Shares.

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Undertaking by the Controlling Shareholders

Each of our Controlling Shareholders has pursuant to the Hong Kong Underwriting Agreement, further undertaken to the Sole Global Coordinator and the Hong Kong Underwriters that, except pursuant to the Global Offering, the Over-allotment Option or the stock borrowing arrangement, the Controlling Shareholders shall not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), which consent shall not be unreasonably withheld:

- (a) at any time during the First Six-months Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or grant, contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interest or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, or cause us to repurchase, any of our Shares or debt capital or our other securities or any interest in our Shares or debt capital or any voting right or any other right attaching thereto (including but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any of our Shares or debt capital or our other securities or any interest in our Shares or debt capital owned directly by the Controlling Shareholders (including holding as a custodian) or with respect to which the Controlling Shareholders have beneficial ownership (collectively the “**Lock-up Shares**”)). The foregoing restriction is expressly agreed to preclude the Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto; or
 - (iii) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
 - (iv) publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above,

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whether any transaction described in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities in cash or otherwise;

- (b) at any time during the Second Six-Month Period, the Controlling Shareholders will not enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances or any other transactions, each of the Controlling Shareholders will cease to be a Controlling Shareholder (as the term is defined in the Listing Rules) of our Company;
- (c) until the expiry of the Second Six-Month Period, in the event that it or he enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it or he will take all reasonable steps to ensure that it or he will not create a disorderly or false market in the securities of our Company; and
- (d) at any time during the First Six-Month Period or the Second Six-Month Period (where applicable), (i) each of the Controlling Shareholders will, if it or he pledges or charges any Shares or other securities of our Company in respect of which it or he is the beneficial owner, immediately inform our Company, the Sole Global Coordinator and, if required, the Stock Exchange of any such pledges or charges and the number of Shares or other securities of our Company so pledged or charged, and (ii) each of the Controlling Shareholders will, if it or he receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us, the Sole Global Coordinator and, if required, the Stock Exchange of any such indication.

INTERNATIONAL PLACING

In connection with the International Placing, the Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters and other parties named therein. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to subscribe for and purchase the International Placing Shares being offered pursuant to the International Placing or procure subscribers or purchasers for such International Placing Shares.

Our Company will grant to the Sole Global Coordinator the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters, provided that timely notification will be provided by the Sole Global Coordinator to the Joint Sponsors, at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require our Company to allot up to an aggregate of 90,000,000 Shares at the Offer Price to cover, among other things, over-allocations in the Placing.

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COMMISSION AND EXPENSES

The Underwriters will receive (i) an underwriting commission at a rate of 2.9% or 3.25% which will be determined by reference to the actual price-earning multiple that the final Offer Price will represent; and (ii) an incentive fee at the rate of 0.2%, in each case of the aggregate Offer Price payable for all Offer Shares offered under the Global Offering (including Shares to be issued pursuant to the Over-allotment Option). By way of illustration only, the underwriting commission would be 2.9% if the Offer Price is determined within a range between HK\$1.11 to HK\$1.28, whereas the underwriting commission would be 3.25% if the Offer Price is determined within a range between HK\$1.29 to HK\$1.35.

We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the New Shares together with all other applicable fees and expenses relating to the Global Offering. The total underwriting commission and incentive fee are estimated to be approximately HK\$22.9 million (based on the Offer Price of HK\$1.23, being the mid-point of the indicative Offer Price range, and assuming that the Over-allotment Option is not exercised). The Selling Shareholder will bear the relevant underwriting commission, incentive fee, SFC transaction levy and Stock Exchange trading fee with reference to the number of Offer Shares which it will sell under the Global Offering, and all the remaining underwriting commission and incentive fee will be borne by our Company.

The aggregate underwriting commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us and the Selling Shareholder relating to the Global Offering are estimated to be approximately HK\$75.6 million (based on an Offer Price of HK\$1.23, being the mid-point of the indicative Offer Price range, and assuming that the Over-allotment Option is not exercised), and other than the relevant underwriting commission, incentive fee, SFC transaction levy and Stock Exchange trading fee that will be borne by the Selling Shareholder with reference to the number of Offer Shares to be sold by it under the Global Offering, all the remaining commissions, fees and expenses for the Global Offering will be payable by us.

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as disclosed in this prospectus and other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

STAMP TAXES

Buyers of the Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

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INDEMNITY

Our Company and the Controlling Shareholder(s) have agreed to severally indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or the Controlling Shareholder(s) of the Hong Kong Underwriting Agreement as the case may be.

JOINT SPONSORS' INDEPENDENCE

DBS Asia Capital Limited is not considered as an independent sponsor under Rule 3A.07 of the Listing Rules as, as at 30 June 2012, our Group had an aggregate amount of borrowings of approximately HK\$146 million, borrowed for the purpose of trade financing, due to DBS Bank (Hong Kong) Limited and DBS Bank (China) Limited Shenzhen Branch (together, the “**DBS Banks**”), both affiliates of DBS Asia Capital Limited and provided guarantee in favour of DBS Bank (Hong Kong) Limited as security for a loan granted to Red Rewarding in respect of the privatisation of Time Watch Singapore, our Controlling Shareholder, for an outstanding amount of approximately HK\$178 million. For details of the loan in respect of the privatisation of Time Watch Singapore, please refer to the section headed “History, Reorganisation and Corporate Structure – History – Privatisation of Time Watch Singapore and the delisting thereof from the SGX” in this prospectus. As at the date of submission to the Stock Exchange of the Company’s listing application on 18 September 2012, based on the latest audited accounts then available, which was prepared up to 30 June 2012, the aggregate outstanding amount of the borrowings from and the guarantee in favour of DBS Banks (the “**Outstanding Balance**”) was HK\$324 million, which exceeded 30% of the total assets of the Group as at 30 June 2012. As no account was prepared on the date of 18 September 2012, it could not be ascertained whether the Outstanding Balance exceeded 30% of the total assets of the Group during the period from 18 September 2012 to 30 September 2012. As the Group has repaid part of the Outstanding Balance to DBS Banks subsequent to 30 June 2012, by 30 September 2012, the Outstanding Balance was reduced to HK\$293.1 million, which was below 30% of the total assets of the Group as at 30 September 2012. To the best of the Directors’ knowledge and based on the unaudited management accounts prepared on the end of each of the subsequent months up to the Latest Practicable Date, the Outstanding Balance was below 30% of the total assets of the Group on each of the relevant account dates. On 12 November 2012, we obtained a banking facility of HK\$39.0 million from DBS Bank (Hong Kong) Limited and we expect that HK\$39.0 million will be drawn down on or around the date on which the International Underwriting Agreement is entered into, and together with the Company’s internal funding resources of approximately HK\$1.6 million, for full repayment of the amounts due to Mr. Michael Tung, for details of which please refer to the section headed “Financial Information – Selected Consolidated Statements of Financial Position – Amounts due to a director” in this prospectus for details. In the light of the foregoing relationship between the Company and DBS Asia Capital Limited, we have taken a prudent approach and considered DBS Asia Capital Limited as not being independent from the Company under Rule 3A.07 of the Listing Rules. The independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules is satisfied by CIMB Securities Limited, one of the Joint Sponsors.