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## UNDERWRITING

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### UNDERWRITERS

#### Underwriters

Grand Vinco Capital Limited  
Sun Hung Kai International Limited  
Emperor Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting arrangements

Pursuant to the Underwriting Agreement, the Company is offering the Placing Shares at the Placing Price for placing to professional, institutional or private investors. Subject to, among other matters, the Listing Division of the Stock Exchange granting listing of and permission to deal in the Shares and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the Shares to be allotted and issued under the Capitalisation Issue, and to the satisfaction of certain other conditions set out in the Underwriting Agreement, the Underwriters have severally agreed to subscribe and/or procure subscribers for the subscription of the Placing Shares, subject to the terms and conditions of the Underwriting Agreement.

#### Grounds for termination

The Underwriting Agreement is subject to termination by the Joint Lead Managers (for themselves and on behalf of the Joint Sponsors and the Underwriters) if prior to 8:00 a.m. on the Listing Date (the “Termination Time”):

- (a) there shall develop, occur 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, which in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Joint Sponsors and the Underwriters) has or may have a material adverse effect on the business or financial conditions or prospects of the Group taken as a whole; or
  - (ii) any material change in Hong Kong, the PRC, Taiwan, Asia, national, regional or international financial, political, military, industrial or economic conditions or prospects; or
  - (iii) any material change in the conditions of the Hong Kong or international securities markets (or in conditions affecting a sector only of such market) including, for the avoidance of doubt, any significant adverse change in the index level or volume of turnover of any such markets; or

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- (iv) without prejudice to sub-paragraph (ii) or (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (v) a change or development involving a prospective change in Hong Kong, the Cayman Islands, the BVI, the PRC or other jurisdiction in taxation or exchange controls which will or can reasonably be expected to materially and adversely affect the Group as a whole or the present or prospective shareholders of the Company in their capacity as such; or
- (vi) the imposition of economic sanctions, withdrawal of trading privileges, embargo, restraint or prohibition of import and export, in whatever form, by the US or the European Union (or any member thereof) on Hong Kong or the PRC; or
- (vii) any event, or series of events, beyond the reasonable control of the Underwriters (including without limitation, acts of government, strikes, riots, public disorder, terrorist strike, epidemic, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, accident or interruption),

and any such event, in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Joint Sponsors and the Underwriters), has or may have an adverse effect on the success of the Placing, or makes it inadvisable or inexpedient to proceed with the Placing; or

- (b) there comes to the notice of the Joint Sponsors and/or the Underwriters any matter or event showing any of the representations and warranties contained in the Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Joint Lead Managers in their absolute discretion (for themselves and on behalf of the Joint Sponsors and the Underwriters) to be material or showing any of the undertakings contained in the Underwriting Agreement or other obligations or undertakings expressed to be assumed by or imposed on the Company, the Controlling Shareholder and the executive Directors under the Underwriting Agreement not to have been complied with in any respect considered by the Joint Lead Managers to be material; or
- (c) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect; or
- (d) matters have arisen or have been discovered which would, if this prospectus was to be issued at that time, constitute a material omission therefrom; or

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- (e) there is any adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Joint Sponsors and Underwriters) is material in the context of the Placing.

### **Non-disposal undertakings**

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange that it shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; or
- (b) in the period of six months commencing on the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/it would cease to be a Controlling Shareholder.

Each of the Controlling Shareholders has also undertaken to the Stock Exchange and the Company to comply with the following requirements:

- (i) in the event that he/it pledges or charges any direct or indirect interest in relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, he/it must inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in Shares under (i) above, he/it must inform the Company immediately in the event that he/it becomes aware that the pledge or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

The Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

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### **Commission and expenses**

The Underwriters will receive a commission of 3.0% on the aggregate Placing Price of all the Placing Shares now being offered, out of which they will, as the case may be, pay any sub-underwriting commissions and selling concession. Each of the Joint Sponsors will, in addition, receive a documentation fee. The underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Placing are estimated to approximately HK\$12 million and are to be borne by the Company.

### **Underwriters' interests in the Company**

Save for its interests and obligation under the Underwriting Agreement and save as disclosed in this prospectus, none of the Underwriters or any of its associates is interested beneficially or non-beneficially in any shares in any member of the Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of the Group.

### **Compliance Advisers' Agreement**

Under a compliance advisers' agreement dated 24 May 2011 and made between Vinco Capital, Emperor Capital and the Company (the "Compliance Advisers' Agreement"), the Company appointed Vinco Capital and Emperor Capital, and Vinco Capital and Emperor Capital agreed to act as the joint compliance advisers to the Company for the purpose of the GEM Listing Rules for a fee from the Listing Date until the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date or until the Compliance Advisers' Agreement is terminated pursuant to its terms and conditions.

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

Save for the advisory and documentation fees to be paid to Vinco Capital and Emperor Capital as the joint sponsors to the Placing, their obligations under the Compliance Advisers' Agreement, the obligations of Vinco Capital and Emperor Securities Limited (a fellow subsidiary of Emperor Capital) under the Underwriting Agreement and interests in securities that may be subscribed for pursuant to the Placing, neither Vinco Capital or Emperor Capital nor any of their respective associates has or may, as a result of the Placing, have any interest in any class of securities of the Company or any other members of the Group (including options or rights to subscribe for such securities).

No director or employee of Vinco Capital or Emperor Capital who is involved in providing advice to the Company has or may, as a result of the Placing, have any interest in any class of securities of the Company or any other members of the Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of Vinco Capital or Emperor Capital has a directorship in the Company or any other members of the Group.