

UNDERWRITING

BOOKRUNNER AND LEAD MANAGER

Quam Securities Company Limited

PUBLIC OFFER UNDERWRITERS

Quam Securities Company Limited

TSC Capital Limited

OSK Securities Hong Kong Limited

Newpont Securities Limited

Po Kay Securities & Shares Company Limited

YF Securities Company Limited

Goldin Equities Limited

Convoy Investment Services Limited

PLACING UNDERWRITERS

Quam Securities Company Limited

TSC Capital Limited

OSK Securities Hong Kong Limited

Newpont Securities Limited

Po Kay Securities & Shares Company Limited

YF Securities Company Limited

Goldin Equities Limited

Convoy Investment Services Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company is initially offering for subscription of 15,000,000 Shares at the Offer Price under the Public Offer, subject to the terms and conditions set forth in this prospectus and the related Application Forms, and 135,000,000 Shares at the Offer Price under the Placing. The Public Offer Underwriters have agreed, severally but not jointly, subject to the terms and conditions in the Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares. The Placing Underwriters have agreed, severally but not jointly, subject to the terms and conditions in the Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Placing Shares.

In addition, our Company has granted the Over-allotment Option to the Placing Underwriters. The Over-allotment Option is exercisable by the Lead Manager (for itself and on behalf of the Placing Underwriters), at any time from the Listing Date up to (and including) the date which is the 30th day after the last date for lodging the applications under the Public Offer, which is expected to be on 8 January 2010, subject to the terms of the Underwriting Agreement. Pursuant to the Over-allotment Option, our Company may be required to allot and issue up to 22,500,000 additional Shares, representing 15% of the Shares initially available under the Share Offer, at the Offer Price on the same terms as those applicable to the Placing, to cover over-allocations in the Placing and/or the obligations of the Lead Manager to return securities borrowed under the Stock Borrowing Agreement.

The Underwriting Agreement is subject to various conditions, which include, but without limitation, (i) the Listing Division granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and (ii) the agreement of the Offer Price being entered into on the Price Determination Date.

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Grounds for termination

The obligations of the Underwriters to subscribe for, or procure subscribers for, the Offer Shares are subject to termination. The Underwriters shall be entitled to terminate their obligations under the Underwriting Agreement upon the occurrence of any of the following events by notice in writing to our Company given by the Lead Manager (for itself and on behalf of the Underwriters) at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if prior to the Termination Time,

- (a) there comes to the notice of the Lead Manager or any of the Underwriters:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement or any other provisions of the Underwriting Agreement by any party thereto other than the Underwriters which, in any such cases, is considered, in the sole opinion of the Lead Manager, to be material in the context of the Share Offer; or
 - (ii) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect; or
 - (iii) any event, series of events, matters or circumstances occurs or arises on or after the date of the Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement untrue, incorrect or misleading in any material respect, and which is considered, in the sole opinion of the Lead Manager, to be material in the context of the Share Offer; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole opinion of the Lead Manager, a material omission in the context of the Share Offer; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of our Company and any of our executive Directors and the covenantors under the Underwriting Agreement arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement; or
 - (vi) any breach by any party to the Underwriting Agreement other than the Underwriters of any provision of the Underwriting Agreement which, in the sole opinion of the Lead Manager, is material; or

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- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in the US, BVI, the Cayman Islands, Hong Kong, the PRC or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of our Group which is material to the conditions, business affairs, profits, losses or the financial or trading position of any member of our Group or otherwise material in the context of the Share Offer; or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in local, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
 - (iii) any change in the conditions of Hong Kong, the PRC, the US or international equity securities or other financial markets; or
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (v) any change or development involving a prospective change in all forms of taxation or exchange control (or the implementation of any exchange control) in BVI, the Cayman Islands, Hong Kong, the PRC or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the business of our Group; or
 - (vi) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US, the European Union (or any member thereof) or any of the jurisdictions in which our Group conducts business on Hong Kong or the PRC which is material to the conditions, business affairs, profits, losses or the financial or trading position of any member of our Group or otherwise material in the context of the Share Offer; or
 - (vii) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or

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- (viii) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out,

which, in the sole opinion of the Lead Manager:

- (a) is or will be, or is very likely to be adverse, in any material respect, to the business, financial or other condition or prospects of our Group; or
- (b) has or will have or is very likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or the market price of our Shares following the Listing; or
- (c) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal fluctuations in the Hong Kong, the PRC, the US or international equity securities or other financial markets shall not be construed as events or series of events affecting market conditions referred to above.

Commission and expenses

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Offer Shares in accordance with the terms of the Underwriting Agreement, out of which the Underwriters may pay any sub-underwriting commission in connection with the Share Offer. The Sponsor will also receive a documentation fee. The aggregate fees, together with the underwriting commission, listing fees, legal and other professional fees, printing, translation and other fees and expenses relating to the Share Offer, are estimated to be approximately HK\$19.5 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK\$0.70 per Offer Share, being the mid-point of the indicative range of the Offer Price between HK\$0.67 and HK\$0.73), which will be payable by us. We will also pay for the expenses in connection with any exercise of the Over-allotment Option or over-allocations under the Placing.

JL Limited and UGH agreed to bear HK\$1.6 million and HK\$6.7 million of the listing cost incurred in connection with the Listing respectively. Our Company has agreed to pay such amount on behalf of JL Limited and UGH, and thereby offset against the remaining outstanding loans from JL Limited and Mr. Heung, Lap Chi Eugene (the spouse of Ms. Leung, Yee Li Lana, who is the sole shareholder of UGH) to our Group.

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Undertakings

Pursuant to the Underwriting Agreement, each of our Controlling Shareholders, Glory Wood Limited and Mr. Chui, Shing Yip Jeff has undertaken to and covenanted with our Company, the Sponsor, the Lead Manager and the Underwriters that he/she/it shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

- (a) save as provided in Rule 13.18 of the GEM Listing Rules, in the period commencing on the date of this prospectus and ending on the date which is 6 months from the Listing Date (the “**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 the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”);
- (b) save as provided in Rule 13.18 of the GEM Listing Rules, during the six-month period commencing on the expiry date of the First Six-Months 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 the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders taken together, would cease to be the Controlling Shareholders of our Company;
- (c) in the event of any such sale, transfer or disposal of the Relevant Securities or any such interest referred to in paragraphs (a) and (b) above, all reasonable steps shall be taken to ensure that such sale, transfer or disposal shall be effected in such a manner so as not to create a disorderly or false market for the Shares.

Pursuant to the Underwriting Agreement, each of our Controlling Shareholders, Glory Wood Limited and Mr. Chui, Shing Yip Jeff has also undertaken to and covenanted with our Company, the Sponsor, the Lead Manager and the Underwriters that during the relevant periods specified in paragraphs (a) and (b) above:

- (i) if and when he/she/it or the registered owner pledges or charges any direct or indirect interest in the Relevant Securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, he/she/it must immediately inform our Company, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) in writing of such pledge and charge, the number of the Relevant Securities so being pledged or charged and other details as required by Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in the Relevant Securities, if and when he/she/it becomes aware that any pledge or chargee thereof has disposed of or intends to dispose of such interest in the Relevant Securities, immediately inform our Company in writing of such disposal or such intention of disposal and the number of the Relevant Securities affected.

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In addition, each of UGH, Ms. Leung, Yee Li Lana, Notable Success, Successful Link Limited and Mr. Paulo Lam has undertaken to and covenanted with our Company, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) that in the period commencing on the date of this prospectus and ending on the date which is 180 days from the Listing Date, he/she/it shall not, and shall procure that the relevant registered holder(s) of the Shares shall not, save as pursuant to a pledge or charge in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide commercial loan, 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 he/she/it is shown by this prospectus to be the beneficial owner.

Our Company has irrevocably and unconditionally undertaken to the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters), and each of our Controlling Shareholders, Glory Wood Limited and Mr. Chui, Shing Yip Jeff has also irrevocably and unconditionally undertaken to the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) to procure our Company, that, without the prior written consent of the Lead Manager (for itself and on behalf of all the Underwriters) and subject always to the requirements of the Stock Exchange, save for the Offer Shares, the Shares to be issued under the Capitalization Issue, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any option that may be granted under the Share Option Scheme or any capitalization issue, capital reduction or consolidation or sub-division of Shares, neither our Company nor any of our subsidiaries from time to time shall:

- (a) allot and issue or agree to allot and issue any share in our Company or any of our subsidiaries from time to time or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise acquire any securities of our Company or any of our subsidiaries from time to time during the First Six-Month Period;
- (b) issue any Share or securities in our Company or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise convert into or exchange for Shares or securities in our Company or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Shares during the six-month period commencing on the expiry date of the First Six-Month Period so as to result in our Controlling Shareholders taken together ceasing to be the Controlling Shareholders of our Company or our Company ceasing to hold a controlling interest of 30% or more in any major subsidiary (which shall have the same meaning as in Rule 17.27(2) of the GEM Listing Rules) of our Group; or
- (c) during the First Six-Month Period purchase any Share or securities of our Company.

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SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a documentation fee. The Lead Manager and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission and expenses" in this section above.

We will appoint, before the Listing Date, the Sponsor as our compliance advisor pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the year ending 31 December 2011.

Save as disclosed above, none of the Sponsor, the Lead Manager and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members nor any interest in the Share Offer.