
STRUCTURE AND CONDITIONS OF THE PLACING

SOLE BOOKRUNNER

SBI E2-Capital (HK) Limited

PLACING AGENTS

Joint Lead Managers

Quam Securities Company Limited

SBI E2-Capital (HK) Limited

Co-lead Manager

SBI E2-Capital Financial Services Limited

PLACING ARRANGEMENTS AND EXPENSES

The Placing Agreement

Pursuant to the Placing Agreement, the Company is offering the Placing Shares at the Placing Price for placing to professional, institutional or other investors. Subject to, among other matters, the Stock Exchange granting the listing of, and permission to deal in the Shares in issue or to be issued as mentioned in this prospectus including the exercise of any option which may be granted under the Share Option Scheme, and to the satisfaction of certain other conditions set out in Placing Agreement, the Placing Agents have agreed, on a best efforts basis, to procure subscribers for the Placing Shares, subject to the terms and conditions of the Placing Agreement.

Grounds for termination

The obligations of the Placing Agents to procure subscribers for the Placing Shares may be terminated under the Placing Agreement upon the occurrence of any of the following events by notice in writing to the Company given by either of the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”), if any of the following events shall occur prior to the Termination Time:

- (A) there comes to the notice of the Sponsor, any of the Joint Lead Managers or the Co-lead Manager:
 - (1) any matter or event showing any of the representations, warranties, or undertakings (the “**Warranties**”) given by the Company, Mr. Fong and/or Mr. Wong (the “**Warrantors**”) in the Placing 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 Warranties or any other provisions of the Placing Agreement by any party thereto other than the Sponsor, the Joint

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Lead Managers and the Co-lead Manager which, in any such cases, is considered, in the reasonable opinion of any Joint Lead Manager, to be material in the context of the Placing; or

- (2) any statement contained in this prospectus, the formal notice issued by the Company in respect of the Placing, any submission, document or information provided to the Sponsor, any of the Joint Lead Managers and/or the Co-lead Manager, any announcement or document issued by the Company in connection with the Placing (including any supplement or amendment thereto) (the “**Relevant Documents**”) has become or been discovered to be untrue, incorrect, or misleading in any material respect; or
- (3) any event, series of events, matters or circumstances occurs or arises on or after the date of the Placing Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Placing Agreement, would have rendered any of the Warranties untrue, incorrect, or misleading in any material respect, and which is considered, in the reasonable opinion of any Joint Lead Manager, to be material in the context of the Placing; or
- (4) 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 reasonable opinion of any Joint Lead Manager, a material omission in the context of the Placing; or
- (5) any event, act or omission which gives or is likely to give rise to any liability of the Warrantors arising out of or in connection with the breach of any of the Warranties; or
- (6) any breach by any party to the Placing Agreement other than the Sponsor, the Joint Lead Managers and the Co-lead Manager of any provision of the Placing Agreement which, in the reasonable opinion of any Joint Lead Manager, is material; or
- (7) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted before the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (8) the Company withdraws any of the Relevant Documents (and/or any other documents used in connection with the contemplated subscription of the Placing Shares); or
- (9) any person (other than the Sponsor, the Joint Lead Managers and the Co-lead Manager) has withdrawn or sought to withdraw its consent to the issue of any of the Relevant Documents with the inclusion of its reports, letters,

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summaries of valuations and/or legal opinions (as the case may be) and references to its name in the form and context in which it respectively appears; or

- (B) there shall have developed, occurred, existed or come into effect any event or series of events, matter or circumstances whether occurring or continuing before, on and/or after the date of the Placing 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:
- (1) 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 Cayman Islands, BVI, Hong Kong, the PRC or any of the jurisdictions in which the 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 the Group which is material to the conditions, business affairs, profits, losses or the financial or trading position of any member of the Group or otherwise material in the context of the Placing; or
 - (2) 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
 - (3) any change in the conditions of Hong Kong, the PRC, the US or international equity securities or other financial markets; or
 - (4) 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
 - (5) any change or development involving a prospective change in all forms of taxation or exchange control (or the implementation of any exchange control) in the Cayman Islands, BVI, Hong Kong, the PRC or any of the jurisdictions in which the 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 the Group; or
 - (6) 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 the Group conducts business on Hong Kong or any of the jurisdictions in which the 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 the Group which is material to the conditions, business affairs, profits, losses or the financial or trading position of any member of the Group or otherwise material in the context of the Placing; or

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- (7) a general moratorium on commercial banking activities in Hong Kong or the PRC declared by the relevant authorities; or
- (8) 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 reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Co-lead Manger):

- (a) is or will be or is likely to be, adverse, in any material respect, to the business, financial or other conditions or prospects of the Group taken as a whole; or
- (b) has or will have or is likely to have a material adverse effect on the success of the Placing or the level of the Placing Shares being applied for or accepted, the distribution of the Placing Shares or the demand or the market price of the Shares following the Listing; or
- (c) for any other reason makes it inappropriate, impracticable, inadvisable, or inexpedient for the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) to proceed with or market the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by any of this prospectus and the placing letters in respect of the Placing.

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 RMB against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal fluctuations in 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.

UNDERTAKINGS PURSUANT TO THE PLACING AGREEMENT

Pursuant to the Placing Agreement, Mr. Fong has undertaken to and covenanted with the Company, the Sponsor, the Joint Lead Managers and the Co-lead Manager that he shall not and shall procure that the relevant registered holder(s) 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 six 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 is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”); and

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- (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, he would cease to be the Controlling Shareholder of the Company.

Pursuant to the Placing Agreement, Mr. Fong has also undertaken to and covenanted with the Company, the Sponsor, the Joint Lead Managers and the Co-lead Manager that during the period specified in paragraphs (a) and (b) above:

- (a) 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.
- (b) if and when he 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 must immediately inform the Company, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) 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
- (c) having pledged or charged any interest in the Relevant Securities, if and when he becomes aware that any pledgee or chargee thereof has disposed of or intends to dispose of such interest in the Relevant Securities, immediately inform the Company, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) in writing of such disposal or such intention of disposal and the number of the Relevant Securities affected.

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Pursuant to the Placing Agreement, the Company has irrevocably and unconditionally undertaken to and covenanted with the Sponsor, the Joint Lead Managers and the Co-lead Manager, and each of Mr. Fong and Mr. Wong has irrevocably and unconditionally, and jointly and severally, undertaken to and covenanted with the Sponsor, the Joint Lead Managers and the Co-lead Manager to procure that, save with the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager), or save pursuant to the Placing, the grant of any option under the Share Option Scheme or the exercise of any option which may be granted under the Share Option Scheme or any capitalisation issue, capital reduction or consolidation or sub-division of Shares, neither the Company nor any of its subsidiaries from time to time shall:

- (a) allot and issue or agree to allot and issue any share or securities in the Company or any of its 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 share or securities of the Company or any of its subsidiaries from time to time during the First Six-Month Period;
- (b) issue any share or securities in the 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 the 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 or securities during the six-month period commencing on the expiry date of the First Six-Month Period so as to result in Mr. Fong ceasing to be the Controlling Shareholder of the Company or the 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 the Group;
- (c) during the First Six-Month Period purchase any share or securities of the Company; or
- (d) offer to or agree to do any of the foregoing or announce any intention to do so.

COMMISSION AND EXPENSES

The Joint Lead Managers will receive a placing commission of 2.5% of all the Placing Shares successfully placed by them, out of which they will, in accordance with the terms of the Placing Agreement, pay any sub-placing commission. The Sponsor will also receive a sponsor fee for acting as sponsor of the Placing. The aggregate fees, together with the placing commission, listing fees, legal, and other professional fees, printing, translation, and other fees and expenses relating to the Placing, are estimated to be approximately HK\$17.6 million (based on the Placing Price of HK\$1.0 per Placing Share, being the mid-point of the indicative range of the Placing Price and assuming 45,000,000 Placing Shares are successfully placed) which will be payable by the Company.

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INTEREST OF THE SPONSOR, THE JOINT LEAD MANAGERS AND THE CO-LEAD MANAGER

The Sponsor will receive a sponsor fee for acting as sponsor of the Placing. The Joint Lead Managers and the Co-lead Manager will or are expected to receive a placing commission. Particulars of these placing commission and expenses are set forth under the paragraph headed “Commission and expenses” above.

The Company has appointed Quam Capital as its compliance adviser 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 the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the year ending 31 December 2013 and Quam Capital will receive a compliance adviser fee.

Save as disclosed above, none of the Sponsor, the Joint Lead Managers and the Co-lead Manager is interested legally or beneficially in shares of any members of the 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 members of the Group nor any interest in the Placing.

The Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

PRICE PAYABLE ON SUBSCRIPTION

The Placing Price plus 1% brokerage fee, a 0.003% SFC transaction levy and a 0.005% Stock Exchange trading fee make up the total price payable in cash on subscription.

CONDITIONS OF THE PLACING

The Placing will be conditional upon, among others:

- (i) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as described in this prospectus; and
- (ii) the obligations of the Placing Agents under the Placing Agreement becoming unconditional (including the waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) and not being terminated in accordance with the terms of that agreement or otherwise),

in each case, on or before the dates and times specified in the Placing Agreement and in any event not later than the date which is 30 days after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified in the Placing Agreement, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the GEM Website at www.hkgem.com and the Company's website at www.legendstrategy.com on the next Business Day following such lapse.

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45,000,000 Placing Shares are being offered pursuant to the Placing, representing in aggregate 25% of the enlarged issued share capital of the Company.

The Placing is managed by the Joint Lead Managers on a best-efforts basis and is not underwritten. Should the amount of gross proceeds raised under the Placing be less than HK\$36 million (being 45 million Placing Shares times the lowest Placing Price of HK\$0.8 per Placing Share) (or such amount as agreed between the Company and the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager)) or the relevant total Placing Price is not received by the Joint Lead Managers at or before the Price Determination Time, the Placing will not proceed. The Co-lead Manager only participates in sub-placing arrangements under the lead management of the Joint Lead Managers. Pursuant to the Placing, it is expected that the Joint Lead Managers or selling agents nominated by them will conditionally place the Placing Shares at the Placing Price payable by the investors subscribing for the Placing Shares plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee. The Placing Shares will be placed with selected professional, institutional or other investors. The Placing Shares may also be placed with individual investors in Hong Kong. Professional and institutional investors generally include brokers, dealers, high net worth individuals and companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

BASIS OF ALLOCATION

Allocation of the Placing Shares to selected individual, professional and institutional investors will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investors are likely to purchase further Shares or hold or sell their Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules, that not more than 50% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders. There will not be any preferential treatment in the allocation of the Placing Shares to any persons.

No allocations will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed, without the prior written consent of the Stock Exchange. Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

PLACING PRICE

The Placing Price will not be more than HK\$1.20 per Placing Share and expected to be not less than HK\$0.80 per Placing Share. Investors, when subscribing for the Placing Shares, shall pay the Placing Price plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy. Assuming the Placing Price of HK\$1.20 or HK\$0.80 per Placing Share (being the highest and lowest prices of the indicative Placing Price range

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respectively), investors shall pay HK\$3,636.29 or HK\$2,424.19 for every board lot of 3,000 Shares respectively. The Placing Price will be fixed by an agreement expected to be entered into between the Company and the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) on the Price Determination Time which is scheduled at or before 5:00 p.m. on 11 July 2011 or such later date as agreed between the Company and the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager). If the Company and the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager) are unable to reach an agreement on the Placing Price by the Price Determination Time, the Placing will not become unconditional and will lapse. Prospective investors of the Placing Shares should be aware that the Placing Price to be determined at or before the Price Determination Time may be, but is currently not expected to be, lower than the indicative range of the Placing Price stated in this prospectus.

If, the Joint Lead Managers (for themselves and on behalf of the Co-lead Manager), with the consent of the Company, consider it appropriate (for instance, if the level of interest is below of the indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Time. In such a case, the Company shall, as soon as practicable following the decision to make such reduction, cause to be published on the GEM Website at www.hkgem.com and the Company's website at www.legendstrategy.com notice of the reduction of the indicative Placing Price range.

The level of indications of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the GEM Website at www.hkgem.com and the Company's website at www.legendstrategy.com at or before 8:30 a.m., on 14 July 2011.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Listing Division grants the listing of, and permission to deal in, the Shares on GEM and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on 15 July 2011. Shares will be traded in board lots of 3,000 Shares each and are fully transferable.