

UNDERWRITING

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Kingsway Financial Services Group Limited

Trinity Finance Investment Limited

Astrum Capital Management Limited

CNI Securities Group Limited

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company is offering the Placing Shares for subscription by way of Placing at the Placing Price, on and subject to the terms and conditions in the Underwriting Agreement and this prospectus.

Subject to, among other conditions, the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Underwriting Agreement being satisfied or waived on or before the dates and times as specified therein or such other dates as the Sole Bookrunner (for itself and on behalf of the Underwriters) may agree but in any event not later than the 30th day after the date of this prospectus, the Underwriters have severally agreed to subscribe for or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing.

Grounds for termination

The Sole Bookrunner (for itself and on behalf of the Underwriters) may in its absolute discretion, upon giving notice in writing to our Company, terminate the Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on 25 October 2013):

- (a) there has come to the notice of the Sole Bookrunner:
 - (i) any statement contained in this prospectus, the formal notice, any submissions, documents or information provided to the Sole Bookrunner, any announcements or documents issued by our Company in connection with the Placing (including any supplement or amendment thereto) (the “**Placing Documents**”), considered by the Sole Bookrunner in its reasonable opinion was, when it was issued, or has become, or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect or any expressions of opinion, intention or expectation contained in any Placing Documents are not, in the reasonable opinion of Sole Bookrunner, in all material respects fair and honest and based on reasonable assumptions, when taken as a whole;
 - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sole Bookrunner in its reasonable opinion to be material in the context of the Placing;
 - (iii) any breach of any of the obligations imposed upon any party to the Underwriting Agreement considered by the Sole Bookrunner in its reasonable opinion to be material in the context of the Placing (other than upon any of the Underwriters) (as the case may be);

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- (iv) either (A) there has been a breach of any of the representations, warranties and undertakings in the Underwriting Agreement by any of our Company, the Controlling Shareholders and the executive Directors; or (B) any matter or event showing or rendering any of the representations, warranties and undertakings given by our Company, the Controlling Shareholders and the executive Directors in the Underwriting Agreement, as applicable, in the reasonable opinion of the Sole Bookrunner to be untrue, incorrect, inaccurate or misleading in any material respect when given or repeated;
 - (v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of our Company, the Controlling Shareholders and the executive Directors pursuant to the indemnity provisions under the Underwriting Agreement or the Placing to be performed or implemented as envisaged;
 - (vi) 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;
 - (vii) our Company withdraws any of the Placing Documents (and/or any other documents used in connection with the contemplated subscription of the Placing Shares); or
 - (viii) any person (other than the Sole Sponsor, the Sole Bookrunner, the Co-Lead Managers, the Co-Manager or any of the Underwriters) has withdrawn or sought to withdraw its consent to the issue of any of the Placing Documents with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (b) there shall develop, occur, happen, exist or come into effect:
- (i) any event, or series of events in the nature of force majeure, including, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs (whether or not covered by insurance), fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics (including but not limited to SARS, H1N1 flu, severe acute respiratory syndrome, H5N1 and H7N9 and other related or mutated forms), accidents, interruption or delay in transportation, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in Hong Kong, the PRC, the BVI or Bermuda or any other jurisdictions relevant to any member of our Group or the Placing (the “**Relevant Jurisdictions**”);
 - (ii) 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 represent any change or development involving a prospective change or development, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster (including without limitation a change in the system under

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which the value of the Hong Kong currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of Hong Kong dollar or Renminbi against any foreign currency;

- (iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations 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 the Relevant Jurisdictions;
- (iv) the imposition of economic sanctions or changes in existing economic sanctions, in whatever form, directly or indirectly, by the United States or by the European Union (or any member thereof) on any of the Relevant Jurisdictions;
- (v) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control, currency exchange rates or foreign investment laws or regulations) in any of the Relevant Jurisdictions;
- (vi) 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;
- (vii) any litigation or claim of material importance being threatened or instigated against any member of our Group or any Director;
- (viii) a Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;
- (ix) the chairman or chief executive officer of our Company vacating his office in circumstances where the operations of our Group may be adversely affected;
- (x) the commencement by any governmental, regulatory or political body or organisation of any action against a Director or a member of our Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action;
- (xi) any contravention by any member of our Group or any Director of the Companies Ordinance, the Companies Act, the GEM Listing Rules, the SFO or any applicable laws and regulations;
- (xii) a prohibition on our Company for whatever reason from allotting or issuing the Placing Shares pursuant to the terms of the Placing;
- (xiii) non-compliance of this prospectus (and/or any other documents used in connection with the subscription of the Placing Shares) or any aspect of the Placing with the GEM Listing Rules or any other applicable laws and regulations;
- (xiv) other than with the written approval of the Sole Bookrunner, the issue or requirement to issue by our Company of a supplement or an amendment to any of the Placing Documents (and/or any other documents used in connection with the subscription of the Placing Shares) pursuant to the Companies Ordinance or the GEM Listing Rules;
- (xv) 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;

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- (xvi) 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);
- (xvii) any change or prospective change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Company or any member of our Group (including any litigation or claim of material importance being threatened or instigated against our Company or any member of our Group);
- (xviii) 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 for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertakings of any member of our Group or any analogous matter thereto occurs in respect of any member of our Group;
- (xix) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions;
- (xx) any change or development in the conditions of local, national or international equity securities or other financial markets; or
- (xxi) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority,

which in each case or in aggregate in the absolute opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters):

- (A) is or will be materially adverse to or may prejudicially affect the general affairs, management, business, financial, trading or other condition or prospects of our Group (as a whole) or any member of our Group or to any present or prospective shareholder in his, her or its capacity as such;
- (B) has or will have a material adverse effect on the success, marketability or pricing of the Placing or the level of interest under the Placing;
- (C) makes or may make it inadvisable, inexpedient or impracticable to proceed with or to market the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by any of the Placing Documents; or
- (D) has or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Placing Documents and the Underwriting Agreement or which prevents the processing of applications and/or payments pursuant to the Placing or pursuant to the underwriting thereof.

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Commission and expenses

The Underwriters will receive an underwriting commission of 3.5% of the aggregate Placing Price of all Placing Shares, out of which they will pay any sub-underwriting commission, and the Sole Sponsor will receive a financial advisory and documentation fee in relation to the Listing and will be reimbursed for their expenses. Such commission, advisory and documentation fee and expenses, together with the GEM listing fees, legal and other professional fees, and printing and other expenses relating to the Placing and Listing, which are estimated to amount in aggregate to approximately HK\$29.0 million and are to be borne by our Company.

Underwriters' interest in our Company

Save as provided for under the Underwriting Agreement, none of the Underwriters has any shareholding interests in any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares or has any interest in the Placing.

Undertakings

By our Company

Pursuant to the Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Sole Bookrunner, the Co-Lead Managers, the Co-Manager and the Underwriters that our Company shall not (and shall procure each other member of our Group not to), without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of Shares under the Placing, the Capitalisation Issue, the grant of any option under the Share Option Scheme or the issue of Shares upon exercise of any option granted under the Share Option Scheme, at any time within the period of six months from the Listing Date (the “**First Six-month Period**”), (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; 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 any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or (c) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) (a) or (b) above; or (d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i) (a), (b) or

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(c) above, in each case, whether any of the transactions specified in sub-paragraph (i) (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the First Six-month Period).

By the Controlling Shareholders, Mr. Zhou, Mr. Dai and Ms. Yang

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

- (i) at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares in respect of which it is shown by this prospectus to be the beneficial owner (whether direct or indirect); and
- (ii) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the “**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 Shares above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Under the Underwriting Agreement:

- (i) each of the Controlling Shareholders, Mr. Zhou, Mr. Dai and Ms. Yang has, jointly and severally, undertaken to and covenanted with our Company, the Sole Sponsor, the Sole Bookrunner, the Co-Lead Managers, the Co-Manager and the Underwriters that, without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the requirements of the GEM Listing Rules, it/he/she shall not, and shall procure that the relevant registered holder(s) shall not, at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders, Mr. Zhou, Mr. Dai and Ms. Yang is made in this prospectus and ending on the date on which the First Six-month Period 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 in respect of which it/he/she is shown by this prospectus to be the beneficial owner (whether direct or indirect) (the “**Lock-up Securities**”); and
- (ii) each of the Controlling Shareholders has, jointly and severally, undertaken to and covenanted with our Company, the Sole Sponsor, the Sole Bookrunner, the Co-Lead Managers, the Co-Manager and the Underwriters that, without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the requirements of the GEM Listing Rules, it shall not, and shall procure that the relevant registered holder(s) shall

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not, at any time during the 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 the Lock-up Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company,

and in the event that any of the Controlling Shareholders enters into any transaction specified in paragraph (i) above during the Second Six-month Period (whether or not such transaction will be completed in the aforesaid period), it will take all reasonable steps to ensure that any such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

Each of the Controlling Shareholders, Mr. Zhou, Mr. Dai and Ms. Yang has also undertaken to and covenanted with each of our Company, the Sole Sponsor, the Sole Bookrunner, the Co-Lead Managers, the Co-Manager and the Underwriters that:

- (i) in the event that it/he/she pledges or charges any of its/his/her direct or indirect interest in the Shares 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 at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders, Mr. Zhou, Mr. Dai and Ms. Yang is made in this prospectus and ending on the date on which the Second Six-month Period expires, each of the Controlling Shareholders must inform our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters), and each of Mr. Zhou, Mr. Dai and Ms. Yang must inform the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters), immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any of its/his/her interests in the Shares under paragraph (i) above, each of the Controlling Shareholders must inform our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters), and each of Mr. Zhou, Mr. Dai and Ms. Yang must inform the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters), immediately in the event that it/he/she becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares or other securities of our Company affected.

Indemnity

Each of our Company, the Controlling Shareholders, Mr. Zhou, Mr. Dai and Ms. Yang has agreed, jointly and severally, to indemnify each of the Sole Sponsor, the Sole Bookrunner, the Co-Lead Managers, the Co-Manager and the Underwriters (in each case, for itself and on trust for its Related Parties (as defined in the Underwriting Agreement)) from certain losses which they may suffer, including without limitation to, losses arising from their performance of their obligations under the Underwriting Agreement.