

## STRUCTURE AND CONDITIONS OF THE PLACING

### PRICE PAYABLE ON SUBSCRIPTION

The Placing Price plus a 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 Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein on GEM; and
- (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by the Sole Sponsor and/or the Sole Lead Manager (for itself and on behalf of the Underwriters) and the Underwriting Agreement 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 Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) or if not as stipulated by 8:00 a.m. on the Listing Date or such other dates as the Sole Sponsor and/or the Sole Lead Manager (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.

If such conditions are not fulfilled or waived by the Sole Sponsor and/or the Sole Lead Manager (for itself and on behalf of the Underwriters) on or before the dates and times specified in the Underwriting Agreement, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by our Company on the website of the Stock Exchange and our Company's website at [www.cchengholdings.com](http://www.cchengholdings.com) on the next Business Day following such lapse.

### THE PLACING

45,000,000 Placing Shares are being offered pursuant to the Placing, representing in aggregate 25% of the enlarged issued share capital of our Company immediately after the Capitalisation Issue and completion of the Placing.

The Placing is fully underwritten by the Underwriters, subject to the terms and conditions of the Underwriting Agreement, and also subject to the Placing Price being fixed by the Price Determination Agreement. Pursuant to the Placing, it is expected that the Underwriters, on behalf of our Company, will conditionally place 45,000,000 Placing Shares at the Placing Price to selected individual, professional and institutional investors in Hong Kong.

## STRUCTURE AND CONDITIONS OF THE PLACING

### 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 our 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, which provides that not more than 50% of the Shares in public hands at the time of the 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.

### OFFER SIZE ADJUSTMENT OPTION

In connection with the Placing, our Company has granted the Offer Size Adjustment Option to the Sole Lead Manager (for itself and on behalf of the Underwriters). Under the Offer Size Adjustment Option, which will be exercisable at any time before 6:00 p.m. on the Business Day immediately before the date of allotment results announcement with respect to the level of indication of interest in the Placing, the Sole Lead Manager (for itself and on behalf of the Underwriters) shall have the right to require our Company to issue and allot at the Placing Price up to an aggregate of 6,750,000 additional Shares, representing 15% of the Placing Shares initially made available for subscription under the Placing. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, the Sole Lead Manager (for itself and on behalf of the Underwriters) in its sole and absolute discretion may decide to whom and the proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, our Company will be required to issue 6,750,000 additional new Shares, representing approximately 3.61% of our Company's total enlarged number of Shares in issue immediately following completion of the Placing and the Capitalisation Issue and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be issued upon exercise of any options granted under the Pre-IPO Share Option Scheme or any options that may be granted under the Share Option Scheme. If the Sole Lead Manager (for itself and on behalf of the Underwriters) decides to exercise the Offer Size Adjustment Option, it will be exercised to cover excess demand in the Placing. The Placing Shares (including any excess demand) will be allocated by the Sole Lead Manager (for itself and on behalf of the Underwriters) prior to the commencement of trading of the Shares on GEM.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Lead Manager (for itself and on behalf of the Underwriters) to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activities of the Shares in the secondary market

## STRUCTURE AND CONDITIONS OF THE PLACING

after the listing of the Shares on GEM and will not be subject to the Securities and Futures (Price Stabilising) Rules of the SFO. No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

Our Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by that time, then the Offer Size Adjustment Option will have lapsed and cannot be exercised on any future date.

### PLACING PRICE

The Placing Price (plus brokerage of 1%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%) make up the total price payable on subscription and purchase of our Placing Shares. Assuming a Placing Price of HK\$0.8 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.7 to HK\$0.9 per Placing Share, the net proceeds from the Placing are estimated to be approximately HK\$16.0 million (assuming the Offer Size Adjustment Option is not exercised), after deduction of the underwriting commission and other expenses relating to the Placing and the Listing payable by our Company.

The level of indication of interest in the Placing will be announced on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.cchengholdings.com](http://www.cchengholdings.com) on Thursday, 19 December 2013.

The Placing Price is expected to be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or around Wednesday, 18 December 2013. If the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Placing Price by Wednesday, 18 December 2013, the Placing will not become unconditional and will not proceed. The Sole Lead Manager (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the Placing Price range below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the GEM website at [www.hkgem.com](http://www.hkgem.com) and our Company's website at [www.cchengholdings.com](http://www.cchengholdings.com) an announcement of such reduction on or before the Price Determination Date.

The Placing Price will not be more than HK\$0.90 per Placing Share and is expected to be not less than HK\$0.70 per Placing Share unless otherwise announced. Subscribers, when subscribing for the 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\$0.90 or HK\$0.70 per Share (being the highest and lowest points of indicative Placing Price range, respectively), investors shall pay HK\$3,636.29 or HK\$2,828.22 for every board lot of 4,000 Shares, respectively. The Placing Price will fall within the indicative Placing Price range as stated in this prospectus unless otherwise announced.

## **STRUCTURE AND CONDITIONS OF THE PLACING**

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance 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 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. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **LISTING ON ANY OTHER STOCK EXCHANGE**

Our Directors are not considering any listing of the shares on any other stock exchange. We have not submitted any application nor obtained any approval for the listing of the Shares on any other overseas stock exchange.

### **DEALINGS AND SETTLEMENT**

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on 20 December 2013. Shares will be traded in board lots of 4,000 Shares each and are freely transferable.

Our Company will not issue any temporary document of title. The GEM stock code for the Shares is 8320.