

**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 10 September 2014. Our Company has established a place of business in Hong Kong at Office A, 31/F., Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong and was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 8 December 2014, with Ms. Lam Yuk Yee of Office A, 31/F., Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong appointed as our authorised representative for the acceptance of service of process and notices in Hong Kong. As we are incorporated in the Cayman Islands, we operate subject to the Companies Law and to our constitution, which comprises the Memorandum and the Articles. A summary of various provisions of our constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

**2. Change in Share Capital**

Our authorised share capital as at the date of incorporation was HK\$50,000 divided into 500,000 ordinary shares of HK\$0.1 each.

The following changes in our Company's share capital have taken place since the date of its incorporation:

- (a) On 10 September 2014, one share of HK\$0.10 in the Company was allotted and issued nil-paid to its initial subscriber, which was subsequently transferred to Platinum Dynamic on the same date. Another one share in the Company was allotted and issued nil-paid to Silver Dynamic on the same date.
- (b) On 22 September 2015, pursuant to the Sale and Purchase Agreement, our Company acquired from Mr. Chow Hin Keong and Mr. Chow Hin Kok their respective 50% shareholding in TD Int'l (BVI) for HK\$32.3 million, being the net asset value of TD Int'l (BVI) and its subsidiaries as at 31 March 2015, which was settled by (i) the issuance by our Company of one share in the Company to each of Platinum Dynamic and Silver Dynamic as the respective nominees of Mr. Chow Hin Keong and Mr. Chow Hin Kok, and (ii) the Company crediting the one nil-paid shares in the Company held by each of Platinum Dynamic and Silver Dynamic as fully paid.
- (c) On 22 September 2015, our Shareholders approved the Subdivision, pursuant to which each issued and unissued share in the Company of HK\$0.10 each was subdivided into ten Shares of HK\$0.01 each.

- (d) On 22 September 2015, the authorised share capital of our Company was increased to HK\$20,000,000 by creation of an additional 1,995,000,000 Shares ranking *pari passu* in all respects with the then existing Shares.
- (e) On 22 September 2015, our Company acquired two loans each in the amount of HK\$30,000,000 owed by TD Enterprises to Mr. Chow Hin Keong and Mr. Chow Hin Kok respectively on a dollar-for-dollar basis, and as a result, our Company was indebted to Mr. Chow Hin Keong and Mr. Chow Hin Kok, each in the amount of HK\$30,000,000 (the “Loans”). On the same date, the Loans were respectively capitalised in full by our Company by the issue of (i) 30,000,000 Shares, credited as fully paid, to Platinum Dynamic as nominee of Mr. Chow Hin Keong, and (ii) 30,000,000 Shares, credited as fully paid, to Silver Dynamic as nominee of Mr. Chow Hin Kok.

Assuming the Placing becomes unconditional and the Placing Shares are issued immediately following completion of the Capitalisation Issue and the Placing but without taking in account any Shares which may be allotted and issued pursuant to any options which may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$20,000,000 divided into 2,000,000,000 Shares, of which 800,000,000 Shares will be allotted and issued.

Other than pursuant to the Placing and the exercise of options which may be granted under the Share Option Scheme, our Company does not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the sub-section headed “– A. Further Information about Our Company – Resolutions in writing of all our Shareholders passed on 23 September 2015” of this Appendix IV to this prospectus, there has been no alteration in our share capital since the date of incorporation.

**3. Resolutions in Writing of All Our Shareholders Passed on 23 September 2015**

On 23 September 2015, Platinum Dynamic and Silver Dynamic, being all our Shareholders on that date, passed resolutions in writing, pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum with immediate effect and approved and adopted the Articles conditional upon Listing;
- (b) conditional upon all conditions as stated in the section headed “*Structure and Conditions of the Placing*” of this prospectus having been fulfilled or waived:
  - (i) the Placing was approved and the Directors were authorised to effect the same and to issue and allot the 200,000,000 Placing Shares pursuant to the Placing on and subject to the terms and conditions stated in this prospectus;
  - (ii) conditional on the share premium account of the Company being credited as a result of the issue of Shares pursuant to the Placing, the issue and allotment of an additional 539,999,960 Shares (“Capitalisation Issue”), to be credited as fully paid up, by capitalising the amount standing to the credit of the share premium account of our Company to holders of Shares whose names appeared on the register of members of our Company at the close of business on the day before the date of these resolutions (or as they may direct) in proportion as nearly as may be to their respective shareholding in our Company without involving fractions were approved, and our Directors or any committee of the Board were authorised to do or cause to be done all such things and to sign or amend all such documents to give effect to the Capitalisation Issue;

- (iii) the rules of the Share Option Scheme (the principal terms of which are set out in the sub-section headed “– *Share Option Scheme*” of this Appendix IV to this prospectus) were approved and adopted and the Directors were authorised, at their absolute discretion to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares pursuant to exercise of options to be granted thereunder and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;
  
- (iv) a general and unconditional mandate (the “Issue Mandate”) was given to our Directors to exercise all powers for and on our behalf to allot, issue and deal with (otherwise than (I) by way of rights issue or (II) an issue of Shares upon the exercise of options which may be granted under the Share Option Scheme or (III) under any option scheme or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or (IV) pursuant to the Placing, or (V) under specific authority granted by our Shareholders in general meeting) unissued Shares and securities carrying rights to subscribe for, exchange or convert into Shares (whether the exercise of such rights may take place during or after the period while such mandate remains in effect) not exceeding 20% of the total number of issued Shares of our Company immediately following completion of the Capitalisation Issue and the Placing, such mandate to remain in effect from the date of Listing until whichever is the earliest of:
  - (1) the conclusion of the next annual general meeting of our Company;
  - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
  - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking or varying such mandate;

- (v) a general and unconditional mandate (the “Repurchase Mandate”) was given to our Directors authorising them to exercise all powers for and on our behalf to repurchase on the Stock Exchange or any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares not exceeding 10% of the aggregate number of issued Shares of our Company immediately following completion of the Placing and the Capitalisation Issue, such mandate to remain in effect until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of our Company;
  - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
  - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking or varying such mandate; and
- (vi) the Issue Mandate was extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the total number of issued Shares of our Company immediately following completion of the Placing and the Capitalisation Issue.

#### **4. Reorganisation**

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For further information relating to the Reorganisation, please refer to the section headed “*History, Reorganisation and Group Structure*” of this prospectus.

## 5. Changes in Share Capital of Our Subsidiaries

Our subsidiaries are listed in the Accountants' Report, the text of which is set out in "Appendix I – Accountants' Report" to this prospectus. Save for the subsidiaries so listed, our Company has no other subsidiaries. The following sets out the changes to the share capital of our subsidiaries during the two years preceding the date of this prospectus:

### (a) *TD Int'l (BVI)*

TD Int'l (BVI) was incorporated under a former name in the BVI on 25 August 2009 with limited liability and is authorised to issue a maximum of 50,000 shares with no par value. Upon its incorporation, 1,000 shares (without par value) were issued for US\$1,000 to its first shareholder, which were subsequently transferred to Mr. Chow Hin Keong and Mr. Chow Hin Kok on 30 November 2013. On 16 March 2015, the name change to the present company name of TD Int'l (BVI) became effective. On 22 September, Mr. Chow Hin Keong and Mr. Chow Hin Kok transferred their respective shareholding in TD Int'l (BVI) to our Company under the Sale and Purchase Agreement entered into pursuant to the Reorganisation.

### (b) *TD (BVI)*

TD (BVI) was incorporated under a former name in the BVI on 13 October 2009 with limited liability and is authorised to issue a maximum of 50,000 shares with no par value. Upon its incorporation, 100 shares were issued for US\$100 to TD Int'l (BVI), its only shareholder, for US\$1.00. On 16 March 2015, the name change to the present company name of TD (BVI) became effective.

### (c) *TD Enterprises*

TD Enterprises was incorporated in Hong Kong on 11 July 2012 as a private company with limited liability. On the date of its incorporation, one share in its share capital was allotted and issued to Bosco Consultancy Limited as initial subscriber for a consideration of HK\$1.00, which was subsequently transferred by Bosco Consultancy Limited to TD (BVI) on 14 December 2012.

### (d) *TD Electronics*

TD Electronics was incorporated in Hong Kong on 23 August 2013 as a private company with limited liability. On the date of its incorporation, one share in its share capital was allotted and issued for a consideration of HK\$1.00 to TD (BVI), its sole shareholder.

(e) ***Top Empire***

Top Empire was incorporated in Hong Kong on 18 March 2013 as a private company with limited liability. On the date of its incorporation, one share in its share capital was allotted and issued for a consideration of HK\$1.00 to its initial subscriber, which was subsequently transferred to TD (BVI) on 9 July 2013.

(f) ***Dongguan Jia Jun***

Dongguan Jia Jun was established in Dongguan, PRC, with limited liability on 27 April 2013. On the date of its incorporation, the initial registered capital of Dongguan Jia Jun was US\$8,000,000, which was fully paid up on 23 January 2015.

Save as set out above and in the section headed “*History, Reorganisation and Group Structure*” of this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

**6. Repurchase of Shares by Our Company**

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) ***Regulations of the GEM Listing Rules***

The GEM Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) ***Shareholders’ approval***

All repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transaction.

Pursuant to the resolutions in writing of all our Shareholders passed on 23 September 2015, a general and unconditional mandate (being the Repurchase Mandate referred to above) was given to the Directors authorising any repurchase by us of our Shares on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange of such number of Shares not exceeding 10% of the total number of issued Shares immediately following completion of the Capitalisation Issue and the Placing (excluding any Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme) at

any time until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meeting revoking, varying or renewing such mandate, whichever occurs first.

*(ii) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time. Any repurchase may be made out of funds legally permitted to be utilised in this connection, including profits of our Company, share premium account for our Company or out of proceeds of a fresh issue of Shares made for that purpose or, subject to the provisions of the Companies Law, out of capital and in the case of any premium payable on a repurchase over the par value of the Shares to be repurchased, it must be paid out of either or both of the profits of our Company or our Company's share premium account, or subject to the provisions of the Companies Law, out of capital.

*(iii) Trading restrictions*

Our Company may repurchase up to 10% of the number of issued Shares of our Company immediately following completion of the Capitalisation Issue and the Placing (excluding Shares which may be issued pursuant to exercise of options granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing the Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.



*(iv) Status of repurchased Shares*

All repurchased Shares (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly, although the authorised share capital of the company will not be reduced.

*(v) Suspension of repurchase*

Repurchase of Shares is prohibited after inside information has come to our knowledge until such time as the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), our Company may not repurchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchases of Shares on the Stock Exchange if our Company has breached the GEM Listing Rules.

*(vi) Reporting requirements*

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, we are required to disclose in our Company's annual report and accounts the details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such purchases, where relevant, and the aggregate prices paid. The directors' report shall also contain reference to the purchases made during the year and the directors' reasons for making such purchases.

*(vii) Core connected persons*

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his securities to the company on the Stock Exchange.

***(b) Reasons for Repurchases***

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or earnings per Share.

***(c) Funding of Repurchases***

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles, the applicable laws and regulations of the Cayman Islands and the GEM Listing Rules.

On the basis of our Company’s current financial position as disclosed in this prospectus and taking into account the current working capital position of our Company, the Directors consider that, if the Repurchase Mandate was to be exercised in full, there might be a material adverse effect on the working capital and/or gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or gearing levels of our Company which, in the opinion of the Directors, are from time to time appropriate for our Company.

***(d) Share Capital***

Exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Shares which may fall to be issued pursuant to exercise of options that may be granted under the Share Option Scheme), would result in up to 80,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;

- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting.

**(e) General**

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates, have any present intention to sell any Shares to our Company or its subsidiaries in the event that the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

No core connected person of our Company has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of the Shares on the Stock Exchange. Based on the shareholding structure of the Company immediately after completion of the Placing and the Capitalisation Issue (without taking into account Shares which may be fall to be issued pursuant to the exercise of options that may be granted under the Share Option Scheme), if the Repurchase Mandate is exercised in full, the shareholding of Platinum Dynamic and Silver Dynamic would increase by more than 2% and, as a result, they and parties acting in concert with them would, in the absence of a waiver from the Executive Director of the SFC, be required to make a general offer for all Shares not already held or agreed to be acquired by them.

## 7. Further information about Dongguan Jia Jun

A summary of the corporate information of Dongguan Jia Jun as at the Latest Practicable Date is set out as follows:–

Name:	東莞市佳駿電子科技有限公司 (Dongguan Jia Jun Electronic Technology Company Limited)
Date of Establishment:	27 April 2013
Corporate Nature:	Limited liability company (wholly-owned by Taiwan, Hong Kong or Macau Corporation (台港澳法人獨資))
Legal representative:	Chow Hin Kok
Total registered and paid-up capital:	US\$8,000,000
Term of operation:	From 27 April 2013 to 27 April 2063
Attributable interest to our Group:	100%
Business scope:	production and sale of electronic products and semi-conductor products (excluding those which are subject to restriction, permission and macroeconomic industry control policies by the PRC government authorities; and those subject to specific regulations shall comply with the relevant regulations); research and development of electronic products and semi-conductor products (those subject to governmental approval under law shall be approved before commencement of operations).

\* for identification purpose only

## B. FURTHER INFORMATION ABOUT THE BUSINESS

### 1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Underwriting Agreement dated 29 September 2015, details of which are set out in the section headed “*Underwriting*” of this prospectus;
- (b) the deed of non-competition dated 23 September 2015 (as amended by an amendment deed dated 29 September 2015 entered into between the Controlling Shareholders and the Company) given by the Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), details of which are set out in the sub-section headed “*Relationship with the Controlling Shareholders – Deed of Non-Competition*” of this prospectus;

- (c) the Deed of Indemnity dated 23 September 2015 given by the Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) containing the indemnities more particularly referred to in the subsection headed “– *D. Other Information – 2. Estate Duty, Tax and Other Indemnity*” of this Appendix IV to this prospectus;
- (d) the Sale and Purchase Agreement dated 22 September 2015 entered into among our Company, Mr. Chow Hin Keong and Mr. Chow Hin Kok, under which (i) Mr. Chow Hin Keong transferred to our Company his entire shareholding in TD Int’l (BVI); and (ii) Mr. Chow Hin Kok transferred to our Company his entire shareholding in TD Int’l (BVI). The aggregate consideration for the above transfer was HK\$32.3 million, which was satisfied by (i) our Company issuing one share in the Company to Platinum Dynamic and one share in the Company to Silver Dynamic as the respective nominees of each of Mr. Chow Hin Keong and Mr. Chow Hin Kok; and (ii) our Company crediting the nil-paid shares in the Company held by each of Platinum Dynamic and Silver Dynamic as fully paid;
- (e) deed of assignment dated 22 September 2015 among Mr. Chow Hin Keong, our Company and TD Enterprises under which our Company acquired the loan owed by TD Enterprises to Mr. Chow Hin Keong in the sum of HK\$30,000,000. As a result of which our Company is indebted to Mr. Chow Hin Keong in the same sum, which was subsequently capitalised. Further details of which are set out in the section headed “*History, Reorganisation and Group Structure*” of this prospectus;
- (f) deed of assignment dated 22 September 2015 among Mr. Chow Hin Kok, our Company and TD Enterprises under which our Company acquired the loan owed by TD Enterprises to Mr. Chow Hin Kok in the sum of HK\$30,000,000. As a result of which our Company is indebted to Mr. Chow Hin Kok in the same sum, which was subsequently capitalised. Further details of which are set out in the section headed “*History, Reorganisation and Group Structure*” of this prospectus;
- (g) property lease agreement dated 28 February 2014 entered into between 東莞市中之光電科技有限公司 (Dongguan Zhongzhi Guan Dian Technology Co., Ltd\*) and Dongguan Jia Jun in respect of the lease of dormitory for use by employees of Dongguan Jia Jun from 1 March 2014 to 30 April 2023 for a monthly rental of RMB450 per person;
- (h) lease agreement dated 25 March 2015 entered into between Lion Throne Limited 南智有限公司 and Top Empire in respect of the lease by Top Empire of the Group’s office premises in Hong Kong from 1 April 2015 to 31 March 2017 (with option to renew) for a monthly rental of HK\$87,250 (excluding management fees, rates and government rent);





\* for identification purpose only

- (i) lease agreement dated 30 September 2013 entered into between Lea Tai Property Development Limited and Top Empire in respect of the lease by Top Empire of the premises previously used as the Group’s office in Hong Kong with a monthly rental of HK\$23,508 (exclusive of management fees, rates and government rent etc.);
- (j) the Transfer Agreements dated 15 June 2015 between TD Electronics and SEL, pursuant to which TD Electronics acquired the ST Mark for a consideration of HK\$2,600,000, details of which are set out in the sub-section headed “*History, Reorganisation and Group Structure – The Group’s Business Development*” of this prospectus; and
- (k) Deed of Undertaking dated 22 June 2015 given by SEL in favour of our Company (for itself and on behalf of its subsidiaries), details of which are set out in the sub-section headed “*History, Reorganisation and Group Structure – The Group’s Business Development*” of this prospectus.










## 2. Intellectual Property Rights

### (a) Trademarks

As at the Latest Practicable Date, our Group was the registrant of the following trademarks that are material to the business of our Group:

<u>Trademark</u>	<u>Place of registration</u>	<u>Registrant</u>	<u>Class</u>	<u>Registration no.</u>	<u>Duration of validity</u>
1. 	Hong Kong	TD Electronics	9 (Note 1)	302742679	19 September 2013 – 18 September 2023
2. 	Hong Kong	TD Electronics	9 (Note 1)	302742688	19 September 2013 – 18 September 2023
3. 	Japan	TD Electronics	9 (Note 2)	5773036	19 June 2015 – 18 June 2025
4. 	Japan	TD Electronics	9 (Note 2)	5773037	19 June 2015 – 18 June 2025

As at the Latest Practicable Date, our Group had the following existing trademark applications:-

<u>Trademark</u>	<u>Place of registration</u>	<u>Applicant</u>	<u>Class</u>	<u>Application no.</u>	<u>Date of application</u>
1. 	PRC	TD Electronics	9 (Note 3)	Not applicable	11 March 2015
2. TOP DYNAMIC	PRC	TD Electronics	9 (Note 3)	Not applicable	10 February 2015
3. 	Malaysia	TD Electronics	9 (Note 4)	2015053376	6 March 2015
4. 	Malaysia	TD Electronics	9 (Note 4)	2015053387	6 March 2015
5. 	Korea	TD Electronics	9 (Note 5)	4020150012181	13 February 2015
6. 	Korea	TD Electronics	9 (Note 5)	4020150012180	13 February 2015
7. 	Singapore	TD Electronics	9 (Note 6)	40201502458P	12 February 2015
8. 	Singapore	TD Electronics	9 (Note 6)	40201502465X	12 February 2015
9. 	Taiwan	TD Electronics	9 (Note 7)	104008653	12 February 2015
10. 	Taiwan	TD Electronics	9 (Note 7)	104008652	12 February 2015
11. 	PRC	TD Electronics	9	not applicable	17 June 2015

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*Notes:*

- (1) The specific products under class 9 in respect of which the trademark was registered are scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus.
- (2) The specific products under class 9 in respect of the which the trademark was registered are (as translated from Japanese into English) computers, computer peripheral devices, computer monitors, mouse (date processing equipment), computer printers, scanner (data processing equipment), computer disk drives, notebook computers and pocket calculators.
- (3) The specific products under class 9 in respect of which the trademark registrations were applied for are scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life-saving (rescuing) and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus.
- (4) The specific products under class 9 in respect of which the trademark registrations were applied for are computers; computer peripheral devices; monitors (computer hardware); mouse (data processing equipment); printers for use with computers; scanners (data processing equipment); disk drives for computers; notebook computers; pocket calculators and laptop computers.
- (5) The specific products under class 9 in respect of which the trademark registrations were applied for are (as translated from Korean into English) mouse, scanner, computer, computer memory, computer monitor, disk drives for computers, printers for computers, desktop computer and communication computer.
- (6) The specific products under class 9 in respect of which the trademark registrations were applied for are computers; peripheral control devices for computers; monitors (computer hardware); mouse (computer peripheral); printers for use with computers; scanners (data processing equipment); disk drives (for computers); notebook computers; pocket calculators and laptop computers.
- (7) The specific products under class 9 in respect of which the trademark registrations were applied for are (as translated from Chinese into English) computers; processors; monitors; computer hardware; mouse; printer; scanners; disk drives; notebook computers; electronic calculators; laptop computers and pocket computers.



(b) *Domains*

As at the Latest Practicable Date, our Group was the registered owner of the following domain names that are material to the business of our Group:

<u>Domain name</u>	<u>Expiry date</u>
topdynamicintl.com	17 June 2016
top-dynamic.net	11 January 2018
top-dynamic.cn	19 January 2018
top-dynamic.com.cn	19 January 2018
top-dynamic.com.hk	8 November 2015
top-dynamic.net.cn	19 January 2018

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

**C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

**1. Directors**

(a) *Disclosure of Interest – interests and short positions of the Directors and the chief executives of our Company in the shares, underlying shares and debentures of our Company and its associated corporations*

Immediately following completion of the Capitalisation Issue and the Placing, the interests and short positions of Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

*Interests in our Company*

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number and class of securities</u> <i>(Note 1)</i>	<u>Approximate shareholding percentage in the issued share capital of the Company</u> <i>(%)</i>
Mr. Chow Hin Keong	Interest in a controlled corporation <sup>(Note 2)</sup>	300,000,000 Shares (L)	37.5
Mr. Chow Hin Kok	Interest in a controlled corporation <sup>(Note 3)</sup>	300,000,000 Shares (L)	37.5

*Notes:*

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Platinum Dynamic is wholly owned by Mr. Chow Hin Keong. Under the SFO, Mr. Chow Hin Keong is deemed to be interested in all of the 300,000,000 Shares held by Platinum Dynamic.
- (3) Silver Dynamic is wholly owned by Mr. Chow Hin Kok. Under the SFO, Mr. Chow Hin Kok is deemed to be interested in all of the 300,000,000 Shares held by Silver Dynamic.

***(b) Particulars of Service Contracts***

Each of the executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the provisions of the service contract or by not less than three months' notice in writing served by either party on the other. Particulars of the service contracts of the executive Directors are in all material respects the same.

Each of Ms. Wong Sau Ying, Ms. Chan Mei Po and Ms. Man Oi Yuk Yvonne has been appointed as an independent non-executive Director pursuant to a letter of appointment for a term of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

***(c) Directors' Remuneration***

For each of the two years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, the aggregate amount of the remuneration paid and benefits in kind granted to the Directors by us and our subsidiaries was approximately HK\$0.2 million, HK\$1.0 million and HK\$0.6 million, respectively.

Under the arrangement currently in force, the estimated aggregate amount of remuneration payable by our Group to our Directors for the year ending 31 December 2015 will be approximately HK\$2.8 million.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group, save for contracts expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation.

## 2. Substantial Shareholders

So far as the Directors are aware, immediately following completion of the Placing and the Capitalisation Issue and taking no account of any Shares that may fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme, the following persons other than a director or chief executive of our Company will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of our Group:

<u>Name of Shareholder</u>	<u>Nature of interest</u>	<u>Number of Shares</u> <i>(Note 1)</i>	<u>Approximate percentage of shareholding in the issued share capital of our Company</u> <i>(%)</i>
Platinum Dynamic <sup>(Note 2)</sup>	Beneficial interest	300,000,000 (L)	37.5
Ms. H'ng Siew Hoong <sup>(Note 3)</sup>	Interest of spouse	300,000,000 (L)	37.5
Silver Dynamic <sup>(Note 4)</sup>	Beneficial interest	300,000,000 (L)	37.5
Ms. Ong Siew Ning <sup>(Note 5)</sup>	Interest of spouse	300,000,000 (L)	37.5

*Notes:*

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Platinum Dynamic is wholly owned by Mr. Chow Hin Keong. Under the SFO, Mr. Chow Hin Keong is deemed to be interested in all of the 300,000,000 Shares held by Platinum Dynamic.
- (3) Ms. H'ng Siew Hoong is the spouse of Mr. Chow Hin Keong and is therefore deemed to be interested in the 300,000,000 Shares in which Mr. Chow Hin Keong is interested.
- (4) Silver Dynamic is wholly owned by Mr. Chow Hin Kok. Under the SFO, Mr. Chow Hin Kok is deemed to be interested in all of the 300,000,000 Shares held by Silver Dynamic.
- (5) Ms. Ong Siew Ning is the spouse of Mr. Chow Hin Kok and is therefore deemed to be interested in the 300,000,000 Shares in which Mr. Chow Hin Kok is interested.

**3. Directors' and Shareholders' Interests in Suppliers and Customers of Our Group**

As at the Latest Practicable Date, so far as the Directors are aware, none of the persons who are (1) Directors; (2) their close associates; or (3) Shareholder which to the knowledge of the Directors will own more than 5% of our Company's issued share capital immediately upon completion of the Placing and the Capitalisation Issue had interest in the five largest customers or the five largest suppliers of our Group.

**4. Disclaimers**

Save as disclosed herein, as at the Latest Practicable Date:

- (a) none of the Directors or experts referred to under the sub-section headed "*- D. Other Information - 7. Qualification of Experts*" of this Appendix IV to this prospectus has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of the Directors or experts referred to under the sub-section headed "*- D. Other Information - 7. Qualification of Experts*" of this Appendix IV to this prospectus is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (d) none of the experts referred to under the sub-section headed "*- D. Other Information - 7. Qualification of Experts*" of this Appendix IV to this prospectus is interested beneficially or otherwise has any shareholding in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

**D. OTHER INFORMATION****1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme approved by written resolutions of our then Shareholders passed on 23 September 2015:

**(1) The Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, and to maintain or attract business relationships with Participants whose contributions are or may be beneficial to the growth of the Group.

For the purpose of the Share Option Scheme, “Participants” means any person who satisfied the eligibility criteria in paragraph (2) below.

**(2) Who May Join**

The Board may, at any time during the period for which the Scheme Option Scheme is valid and effective, make an offer for options to:–

- (i) any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group; and
- (ii) any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group,

who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

**(3) Grant of Option**

An offer of the grant of an option shall be made to the Participants by letter in such form as the Board may from time to time determine, requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. The offer shall remain open for acceptance by the Participant concerned for a period of five business days from the date on which it is made provided that the offer shall no longer be open for acceptance after expiry of the Option Period (as defined below), after the Share Option Scheme has been terminated or after the Participant concerned has ceased to be a Participant. An option shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the option-holder together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance as set out in the offer letter. The remittance is not in any circumstances refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Participant.

**(4) Payment on Acceptance of Option Offer**

HK\$1.00 is payable by the Participant to our Company on acceptance of the option offer as consideration for the grant.

**(5) Subscription Price**

The subscription price ("Subscription Price") shall, subject to any adjustment pursuant to paragraph (14) below, be a price determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered to a Participant ("Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

(6) *Maximum Number of Shares*

(i) *Scheme mandate*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at the date upon which the Share Option Scheme takes effect, which shall be deemed to fall on the date on which the Shares first commence trading on GEM (“Scheme Mandate”), which is expected to be 80,000,000 Shares. For the purpose of calculating the Scheme Mandate, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted.

(ii) *Refreshment of the Scheme Mandate*

Our Company may seek approval by the Shareholders in general meeting for refreshing the Scheme Mandate provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company under the Scheme Mandate as refreshed must not exceed 10% of the total number of Shares in issue as at the date of Shareholders’ approval. For the foregoing purpose, options previously granted under the Share Option Scheme and any other share option schemes of our Company, whether outstanding, cancelled or lapsed in accordance with its applicable rules or already exercised, will not be counted.

(iii) *Grant of options beyond Scheme Mandate*

Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the Scheme Mandate provided the options in excess of the Scheme Mandate are granted only to Participants who are specifically identified before such approval is sought. A circular is required to be sent by our Company to the Shareholders in accordance with the GEM Listing Rules in connection with such grant.



*(iv) Maximum number of Shares issued pursuant to Options*

Notwithstanding any provisions to the contrary, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed such number of Shares as shall represent 30% of the total number of Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

**(7) *Maximum Holding by Option-holder***

Unless approved by the Shareholders in general meeting in the manner prescribed in the GEM Listing Rules, the Board shall not grant options to any option-holder if it would result in the total number of Shares issued and to be issued to that Participant on exercise of his options (including both exercised and outstanding options) granted and to be granted to such person during any 12-month period exceeding 1% of the total Shares then in issue.

**(8) *Timing for Exercise of Options***

The period during which an option may be exercised in accordance with the terms of the Share Option Scheme (“Option Period”) shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the Offer Date.

**(9) *Rights Personal to Option-holder***

An option is personal to the option-holder and shall not be transferable or assignable. No option-holder shall sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or enter into any agreement to do so.

***(10) Rights on Termination of Employment by Dismissal***

- (i) If the option-holder ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his option will lapse automatically (to the extent not already exercised) and not be exercisable on or after the date of termination of his employment.
- (ii) If the option-holder who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (i) above, the option (to the extent not already exercised) shall lapse on the date of cessation or termination of his employment (which date shall be the option-holder's last actual working day with the Company or the relevant subsidiary whenever salary is paid in lieu of notice or not) and shall on that day cease to be exercisable unless that option holder continues to serve the Group in some other capacity, in which case the Board is authorised to determine the Option Period and, if appropriate, determine that the option shall not lapse on the date of cessation or termination of employment but on another date as the Board may determine.

***(11) Rights on Death***

If the option-holder ceases to be a Participant by reason of his death before exercising his option in full and (where the option-holder is an employee of the Group) none of the events which would be a ground for termination of his employment as described in paragraph (10)(i) above have arisen, his legal personal representative(s) may generally exercise the option up to the option-holder's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death.

***(12) Rights on ceasing to be a Participant***

If the option-holder who is not an employee or a director of the Company or another member of the Group ceases to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such option-holder within one month from the date of such cessation determine the period within which the option (or such remaining part thereof) shall be exercisable following the date of such cessation.

***(13) Rights on a Compromise or Arrangement***

In the event a compromise or arrangement (other than a scheme of arrangement) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to all the option-holders on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and the option-holder (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the option either to its full extent or to the extent notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the option-holder such number of Shares which fall to be issued on such exercise.

***(14) Effect of Alterations to Share Capital***

In the event of an alteration in the capital structure of the Company, whilst any option remains exercisable, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of Shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the number of Shares subject to the Share Option Scheme,

or any combination thereof, provided that:

- (a) any such adjustments give an option-holder the same proportion of the equity capital of the Company as that to which that option-holder was previously entitled; and
- (b) notwithstanding paragraph (a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the supplementary guidance on Rule 23.03(13) of the GEM Listing Rules issued by the Stock Exchange on 5 September 2005 and any future guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time;

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or the auditor of the Company must certify in writing that the adjustments satisfy the requirements in paragraphs (a) and (b) above.

***(15) Rights on Winding-up***

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all option-holders and any option-holder (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the option-holder such number of Shares to the option-holder which fall to be issued on such exercise.

***(16) Rights on a General Offer by way of Takeover***

In the event of a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Company shall forthwith notify all the option-holders and any option-holder (or his legal personal representative) shall be entitled to exercise the option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

***(17) Rights on a General Offer by way of Scheme of Arrangement***

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the option-holders and any option-holder (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the option either to its full extent or to the extent notified by the Company.

***(18) Lapse of Option***

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the expiry of the Option Period (subject to the provisions of the Share Option Scheme);
- (ii) the expiry of the periods referred to in paragraphs (10) to (13) and (15) to (17) above respectively;
- (iii) the expiry of the period referred to in paragraph (16) above, subject to any court of competent jurisdiction making an order to prohibit the offeror from acquiring the remaining Shares under the option offer;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (17) above;
- (v) the date of commencement of the winding-up of the Company;
- (vi) the date on which the option-holder ceases to be a Participant as referred to in paragraphs (10)(i) and (ii) above;

(vii) the date on which the option-holder commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any other person over or in relation to any option or enter into any agreement to do so; and

(viii) subject to paragraph (10)(ii), the date the option-holder ceases to be a Participant for any other reason.

**(19) Ranking of Shares**

The Shares to be allotted upon exercise of an option will be subject to all the provisions of our Company's Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment. Accordingly, the Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment provided that the record date for the dividend or distribution is a date after the date of allotment.

**(20) Life of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of ten years commencing from the date on which the Share Option Scheme takes effect in accordance with its terms, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the Share Option Scheme.

**(21) Alterations of the Share Option Scheme**

(i) The specific provisions of the Share Option Scheme which relate to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Participants and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting (with all option-holders, prospective option-holders and their associates who are Shareholders abstaining from voting).

- (ii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must be approved by the Shareholders in general meeting (with all option-holders, prospective option-holders and their associates who are Shareholders abstaining from voting), except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 23 and other relevant requirements of the GEM Listing Rules.

**(22) Options to Related Persons**

- (i) Any grant of options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates (“Related Person”) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who or whose associate is also a proposed grantee of such options).
- (ii) Any grant of options to a substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates must be approved by the Shareholders in general meeting if the Shares issued and to be issued upon the exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the proposed Offer Date: (a) would represent in aggregate more than 0.1% of the Shares then in issue; and (b) would have an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000 (or such other amount as shall be permissible under the GEM Listing Rules from time to time).
- (iii) At the general meeting to approve the proposed grant of options pursuant to this paragraph (22), the grantee, his associates and all core connected persons of our Company must abstain from voting unless they intend to vote against the proposed grant. At such general meeting, the vote to approve the grant of such options must be taken on a poll in accordance with the relevant provisions of the GEM Listing Rules. Our Company will send a circular to our Shareholders containing the information required under the GEM Listing Rules.

***(23) Restrictions on Grant of Options***

No grant of options shall be made after inside information (as defined under the SFO) has come to our Company's knowledge until such inside information has been announced pursuant to the requirements of the GEM Listing Rules. Without prejudice to the foregoing, no option shall be granted during the period of 30 days immediately before the earlier of the date of the Board meeting (as such date is first notified to the Exchange) for approving our Company's results for any yearly, half-yearly or quarter-yearly period or any other interim period (whether or not required under the GEM Listing Rules); and the deadline for our Company to announce our results for any year, half year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.

***(24) Cancellation of Options***

- (i) The Board may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant option-holder, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation, except that where the option-holder is in breach of paragraph (10) above, the Board may cancel any outstanding option without the relevant option-holder's agreement.
- (ii) Where the Company cancels options and issues new ones to the same option-holder, the issue of such new options may only be made under the Share Option Scheme with available unissued Shares under the Scheme Mandate limit, excluding the Shares which were the subject of cancelled options.

***(25) Termination***

The Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the Share Option Scheme and in such event no further options may be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect in respect of options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.



The Share Option Scheme is conditional upon the Stock Exchange granting approval of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of any options to be granted under the Share Option Scheme.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme.

## **2. Estate Duty, Tax and Other Indemnity**

Our Controlling Shareholders (the “Indemnifiers”) have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its subsidiaries) (being a contract referred to in the sub-section headed “– B. Further Information about the Business – 1. Summary of Material Contracts” of this Appendix IV to this prospectus) to provide indemnities on a joint and several basis in respect of certain taxation and liabilities including: (1) Hong Kong estate duty which might be payable by any member of our Group, by reason of any transfer of property by virtue of section 35 or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) to any member of our Group on or before the date of commencement of trading in the Shares on GEM; (2) taxation falling on any of our Group companies resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to, accrued or received and/or assets acquired on or before the date of commencement of trading in the Shares on GEM which might be payable by any member of our Group (the “Effective Date”); and (3) and any losses which we may suffer in respect of social insurance and housing provident fund contributions.

Notwithstanding the foregoing, the Indemnifiers will not be liable under the deed of indemnity for liabilities summarised as follows:

- (i) to the extent that provision, reserve or allowance has been made for such taxation or taxation claims in the audited combined accounts of our Group for the two years ended 31 December 2013 and 2014 (the “Accounts”); or
- (ii) to the extent that the taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law coming into force after the Effective Date or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after such date with retrospective effect; or
- (iii) to the extent provisions or reserve made such taxation in the Accounts is finally established to be an over-provision or an excessive reserve; or

- (iv) taxation or liability falling on the Group after the Effective Date unless (a) the bases of such taxation occur prior to the Effective Date; or (b) such taxation or liability would not have arisen but for any act or omission by the Group voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business;
- (v) to the extent that such taxation or liability is discharged by another person who is not the Company or any Group Company and that the Company or such Group Company is not required to reimburse such person in respect of the discharge of the taxation or liability; and
- (vi) for which the Group is primarily liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business after the Effective Date.

### **3. Litigation**

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of our Group.

### **4. Sole Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the Share Option Scheme).

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules and confirmed that it satisfies the independence criteria applicable to the Sole Sponsor set out in Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor's fee payable by our Group for services provided in a capacity of a sponsor in the applicable for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus is HK\$3.0 million.

### **5. Preliminary Expenses**

The preliminary expenses of our Company are estimated to be approximately HK\$101,000 and are payable by our Company.

### **6. Promoter**

Our Company has no promoter for the purposes of the GEM Listing Rules.

**7. Qualification of Experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
Celestial Capital	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
SHINEWING (HK) CPA Limited	Certified Public Accountants
SHINEWING Tax and Business Advisory Limited	Certified Tax Adviser
Beijing Jingtian & Gongcheng Law Firm	PRC legal advisers to our Company
Prismark Partners LLC	Industry consultant

**8. Consents of Experts**

Each of the experts whose names are set out in sub-section headed “– D. Other Information – 7. Qualification of Experts” of this Appendix IV to this prospectus has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and the references to its name included herein in the form and context in which it is respectively included.

None of the persons named in sub-section headed “– D. Other Information – 7. Qualification of Experts” of this Appendix IV to this prospectus is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group.

**9. Compliance Adviser**

We have appointed Celestial Capital as our compliance adviser upon Listing in compliance with Rule 6A.19 of the GEM Listing Rules. Further details of the appointment are set out in sub-section headed “*Directors, Senior Management and Staff – Compliance Adviser*” of this prospectus.

**10. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provision) Ordinance so far as applicable.

**11. Share Registrar**

Our Company’s principal register of members will be maintained in the Cayman Islands by our Cayman Islands share registrar, Codan Trust Company (Cayman) Limited, and a branch register of members will be maintained in Hong Kong by our Hong Kong Share Registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by our share registrar in Hong Kong and may not be lodged in the Cayman Islands.

**12. Taxation****(a) Hong Kong****(i) Profits**

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on GEM will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) *Stamp duty*

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iii) *Estate duty*

Estate duty has been abolished in Hong Kong by the Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of Shares provided that our Company does not hold any interests in land in the Cayman Islands. The Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands would be likely to fall upon any member of our Group.

Potential investors in our Company are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares. None of our Company, the Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or the other parties involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposal of, or dealing in, the Shares or exercise of any rights attaching to them.

**13. Miscellaneous**

- (a) Save as disclosed in this prospectus, and, where applicable, as at the Latest Practicable Date:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued as fully or partly paid either for cash or a consideration other than cash within the two years preceding the date of this prospectus;
  - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries within the two years preceding the date of this prospectus;
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries within the two years preceding the date of this prospectus; and
  - (v) no founder, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued and no amount or benefit had been paid or given or is intended to be paid or given to any promoter within the two years preceding the date of this prospectus.
- (b) No company within our Group is presently listed on any stock exchange or traded on any trading system.
  - (c) Saved as disclosed in this prospectus, none of our Directors or the persons named under the sub-section headed “– *D. Other Information – Qualification of Experts*” in this Appendix IV to this prospectus had received any commissions, discounts, brokerages or other special terms or agency fees from our Group in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.
  - (d) The Underwriters will receive such commission(s), fee(s) and/or expense(s) as mentioned in the section headed “*Underwriting*” of this prospectus.
  - (e) We entered into certain related party transactions within the two years immediately preceding the date of this prospectus. Please refer to note 24 of the Accountants’ Report set out in Appendix I to this prospectus.

#### **14. Bilingual Prospectus**

The English language and the Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.