
WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

INVESTMENT OF HUAYI BROTHERS

According to Rule 12.11 of the GEM Listing Rules, there must be no dealing in the Shares by any of our core connected persons from the time of submission of the application for the [REDACTED] until the [REDACTED] is granted, unless otherwise permitted by the Stock Exchange.

Pursuant to the Supplemental Deed, subject to the compliance with the relevant laws and regulations and obtaining the written approval or consent from the Stock Exchange, Huayi Brothers has the right to, but may choose not to, subscribe, in connection with the [REDACTED], at the [REDACTED], for no more than 20% of the [REDACTED] (including the additional Shares offered by our Company in connection with the exercise of the [REDACTED]) subject to the conditions of the Supplemental Deed. Please refer to the section headed “History, Development and Reorganisation – Our [REDACTED] – Special rights of our [REDACTED]” in this document for further information relating to the Amended Anti-Dilution Right of Huayi Brothers. As Huayi Brothers is a substantial shareholder of our Company, Huayi Brothers is therefore a core connected person of our Company.

An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules in relation to the exercise of the Amended Anti-Dilution Right of Huayi Brothers on the basis that (i) the allotment of the [REDACTED] to Huayi Brothers in connection with the Amended Anti-Dilution Right of Huayi Brothers is necessary in order to give effect to the pre-existing contractual rights of Huayi Brothers under the Subscription and Shareholders Agreement as amended by the Supplemental Deed; (ii) the exercise of the Amended Anti-Dilution Right of Huayi Brothers will not result in the dilution of the shareholdings of the existing Shareholders, namely Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang, who are our Controlling Shareholders, as well as Mr. Harry Wong, Mr. C.H. Chan, HGI Finanves and HGI Growth; and (iii) notwithstanding the exercise of the Amended Anti-Dilution Right of Huayi Brothers, our Company will satisfy the public float requirement under Rule 11.23 of the GEM Listing Rules. Such waiver has been granted by the Stock Exchange on the conditions that:

- (i) Huayi Brothers’ proposed subscription is pursuant to the pre-existing contractual anti-dilution right set out in the Subscription and Shareholders Agreement as amended by the Supplemental Deed;
- (ii) Huayi Brothers’ subscription will be made at the [REDACTED] on the same terms and conditions as other investors under the [REDACTED] and will not result in the dilution of the shareholdings of the existing Shareholders; and
- (iii) full disclosure in respect of the pre-existing contractual anti-dilution right and the proposed subscription by Huayi Brothers and the allotment to Huayi Brothers will be made in this document and the relevant allotment results announcement.

The above-mentioned waiver is applicable to Huayi Brothers’ potential full exercise of the Amended Anti-Dilution Right of Huayi Brothers as may be permitted under the applicable PRC laws and regulations at the time of exercise of the Amended Anti-Dilution Right of Huayi Brothers. As disclosed in the section headed “History, Development and Reorganisation – Compliance with the Relevant PRC Laws and Regulations – 1997 Red-chip Guidance” in this document, since Huayi Brothers (our one and only

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

Shareholder which is controlled by a PRC entity) is not our controlling Shareholder or our single largest Shareholder, we are not a PRC-funded offshore company and accordingly 1997 Red-chip Guidance does not apply to us. Currently, Huayi Brothers is our second largest Shareholder. Huayi Brothers and Cooper Global (our single largest Shareholder which is held as to 50.00% by each of Mr. Alan Yip and Ms. Karin Wan) will be interested in [REDACTED]% and [REDACTED]%, respectively, of our entire issued share capital upon the completion of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme). In order to remain as our second largest Shareholder, Huayi Brothers will only be able to subscribe, in connection with the [REDACTED], for Shares representing less than 0.57% of the issued share capital of our Company immediately following the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) in case it exercises the Amended Anti-Dilution Right of Huayi Brothers.

ACCOUNTS IN THIS DOCUMENT

The Accountants' Report set out in Appendix I to this document includes audited financial information for our Group for the years ended 31 March 2013 and 2014 and the eight months ended 30 November 2014.

Rule 7.03(1) of the GEM Listing Rules requires a [REDACTED] to include in the document the consolidated results of the [REDACTED] in respect of each of the two financial years immediately preceding the issue of the document or such shorter period as may be acceptable to the Stock Exchange.

Rule 11.10 of the GEM Listing Rules requires [REDACTED] to have an accountants' report prepared in accordance with Chapter 7 of the GEM Listing Rules, covering at least the two financial years immediately preceding the issue of the document.

Section 342(1) of the Companies (WUMP) Ordinance provides that, subject to section 342A of the Companies (WUMP) Ordinance, it shall not be lawful for any person to issue, circulate or distribute in Hong Kong any document [REDACTED] a company incorporated outside Hong Kong unless, among other things, the document states the matters specified in Part I of the Third Schedule to the Companies (WUMP) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (WUMP) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (WUMP) Ordinance requires a company to include in its document a statement as to, *inter alia*, its gross trading income or sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of the document, including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance requires a company to include in its document a report by its auditors with respect to, *inter alia*, its profits and losses and assets and liabilities in respect of each of the three financial years immediately preceding the issue of the document.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

Pursuant to section 5(3) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), all reference to "3 preceding years", "3 financial years" and "3 years" in paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance are substituted by a reference to "2 preceding years", "2 financial years" and "2 years", respectively, for a document issued in relation to [REDACTED] on GEM.

Pursuant to section 342A of the Companies (WUMP) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (WUMP) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the [REDACTED] and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules subject to the following conditions:

- (i) our Company must issue this document by 22 May 2015 and list on the Stock Exchange by 31 May 2015;
- (ii) our Company must obtain a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance; and
- (iii) a profit estimate for the year ended 31 March 2015 which complies with Rules 14.29 to 14.31 of the GEM Listing Rules, and a Directors' statement that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from 30 November 2014 to the date of this document will be included in this document.

We have also applied for, and the SFC has granted us, a certificate of exemption from strict compliance with the Ordinance Requirements. Strict compliance with the Ordinance Requirements would be unduly burdensome for us as there would not be sufficient time for us to prepare the full year financial statements for the year ended 31 March 2015 and for our reporting accountants to complete the audit thereon prior to the issue of this document.

Our Directors confirmed that all information necessary for the public to make an informed assessment of our activities, assets and liabilities, financial position, management and prospects has been included in this document and that, as such, the waiver granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the Ordinance Requirements, respectively, will not prejudice the interests of [REDACTED].

Our Directors and the Sole Sponsor confirmed that they have performed sufficient due diligence to ensure that, up to the date of this document, there has been no material adverse change in our financial and trading positions or prospect since 30 November 2014 and there has not been any event since 30 November 2014 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

In accordance with Guidance Letter HKEx-GL25-11, a profit estimate of our Group for the year ended 31 March 2015 which complies with Rules 14.29 to 14.31 of the GEM Listing Rules has been set out in Appendix III to this document.