
WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES ORDINANCE

In preparation for the Listing, the Company has sought the following waivers and exemption from strict compliance with the relevant provisions of the GEM Listing Rules and the Companies Ordinance.

CONTINUING CONNECTED TRANSACTIONS

Prior to the Listing, the Group has entered into the certain transactions with certain connected persons of the Company, which will continue after the Listing and constitute continuing connected transactions (as defined under the GEM Listing Rules) of the Company. The Company has applied to the Stock Exchange for a waiver from strict compliance with the reporting and announcement requirements pursuant to Rule 20.32 of the GEM Listing Rules and the Stock Exchange has agreed to grant such a waiver to the Company from compliance with the announcement requirement in respect of such transactions. For details of such continuing connected transactions and the waiver, please refer to the section headed “Continuing connected transactions” in this prospectus.

RULES 7.03(1) AND 11.10 OF THE GEM LISTING RULES AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES ORDINANCE

Rules 7.03(1) and 11.10 of the GEM Listing Rules require that in the case of a new applicant, the accountants’ report must include the results of the issuer or if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries covering at least the two financial years immediately preceding the issue of the listing document.

Paragraph 27 of Part I of the Third Schedule to the Companies Ordinance requires the Company to set out in this prospectus, among other matters, a statement as to the gross trading income or sales turnover (as may be appropriate) of the Company during each of the three financial years immediately preceding the issue of this prospectus, 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 Ordinance requires the Company to set out in this prospectus a report by the auditors of the Company with respect to, among other matters, the profits and losses and assets and liabilities of the Company and the rates of the dividends, if any paid by the Company in respect of each class of shares in the Company for each of the three financial years immediately preceding the issue of this prospectus.

Section 5(2) of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice provides that where it is proposed to offer any shares in a company incorporated outside Hong Kong by prospectus issued generally and the shares have been approved by the recognised exchange company that operates GEM for listing on GEM, the prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance, in relation to, among other matters, paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance, if it complies with

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the requirements of those paragraphs as modified so that for any reference to “3 preceding years”, “3 financial years” and “3 years” in those paragraphs, there is substituted a reference to “2 preceding years”, “2 financial years” and “2 years” respectively.

The accountants’ report of the Group for each of the two years ended on 31 March 2010 and the nine months ended 31 December 2010 has been prepared and is set out in Appendix I to this prospectus and the section headed “Financial information” in this prospectus. The Company has included in the prospectus a profit estimate for the year ended 31 March 2011. As (i) the reporting accountants of the Group would have to undertake a considerable amount of work to prepare, update and finalise the accountants’ report to cover an additional three-month period from 1 January 2011 to 31 March 2011, there would not be sufficient time for the Company and the reporting accountants to finalise the audited financial statements for the year ended 31 March 2011 for the inclusion in this prospectus; (ii) such additional audit work to be done by the reporting accountants of the Group would involve additional costs and expenses; and (iii) the Directors consider that the benefits of such work to be done by the reporting accountants of the Group to the existing and prospective Shareholders may not justify the additional work, costs and expenses that would be involved, given that there has been no material adverse change in the financial position or prospects of the Group since 31 December 2010, strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance would be unduly burdensome for the Company and cause significant delay to the timetable for the Listing.

The Directors confirmed that after having performed sufficient due diligence, there has been no material adverse change in the financial and trading position or prospects of the Group since 31 December 2010 including the period from 1 January 2011 to 31 March 2011 and up to the date of this prospectus, and there is no event which may materially affect the information shown in the Accountants’ Report and the section headed “Financial information” in this prospectus. The Directors considered that all information that is necessary for the public to make an informed assessment of the Group’s activities and financial position has been included in this prospectus. The Directors also confirmed that the granting of a waiver to the Company from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance will not prejudice the interest of the investing public.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the Stock Exchange has agreed to grant such a waiver to the Company subject to the grant of a certificate of exemption from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance by the SFC and the Listing Date of the Company being on or before 31 May 2011.

The Company has applied to the SFC for an exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance and the SFC has agreed to grant such an exemption to the Company on the condition that the particulars of such exemption are set out in this prospectus which will be issued on or before 25 May 2011.