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## WAIVER FROM COMPLIANCE WITH THE LISTING RULES

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### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Company has therefore applied for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules on the basis that since our Group's core business operations are, and are expected to be, based, managed and conducted in the PRC and Macau, and that our Group's assets are primarily situated in the PRC, our management is best able to attend our Group's functions by our management's being based in the PRC and Macau.

For the purposes of the management and operations of our Group, the appointment to the Board of additional executive Directors who are ordinarily resident in Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness and efficiency of the executive Directors in administering the daily operations of our Group, especially when business decisions are required to be made within a short period of time. In addition, appointing a new executive Director who may not be familiar with the operations of our Group for the sole purpose of satisfying the requirements under Rule 8.12 of the Listing Rules may not be in the best interests of our Company and its Shareholders as a whole. The existing executive Directors may relocate to Hong Kong in order to comply with Rule 8.12 of the Listing Rules. However, after relocation, the executive Directors would not be present on a day-to-day basis in the PRC or Macau where our Group's operations take place and therefore may encounter the management difficulties described above.

Further, each of our executive Directors has a vital role in managing our Group's business in the PRC and Macau and it is necessary for them to remain physically close to our Group's operations in the PRC and Macau (as the case may be). If such an additional executive Director as described above is appointed, or an existing executive Director is relocated, he will not be able to participate in daily operations of our Group or appreciate the circumstances surrounding or affecting the business operations and development of our Group from time to time. Such an executive Director may not be able to exercise his discretion on a fully informed basis, or make appropriate business decisions or judgments in administering the daily operations of our Group.

Our Company has received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and will ensure that our Company complies with the Listing Rules at all times. The two authorized representatives are Mr. Chan Shiu Yuen Sammy and Mr. Desmond Chum. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon

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request of the Stock Exchange, if required. They will be readily contactable by telephone, facsimile and email, and are authorized to communicate on behalf of our Company with the Stock Exchange;

- (b) both authorized representatives have means to contact the Directors promptly at all times as and when the Stock Exchange wishes to contact the members of the Board for any matters. Our Company will implement a policy whereby (i) each Director will have to provide his/her office phone number, mobile phone number, residential phone number, facsimile number and email address to the authorized representatives; (ii) in the event that a Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation or other means of communication to the authorized representatives; and (iii) each Director will provide their mobile phone number, residential phone number, office phone number, facsimile number and email address to the Stock Exchange;
- (c) our Company will, in compliance with Rule 3A.19 of the Listing Rules, retain a compliance adviser, who will have access at all times to our Company's authorized representatives, Directors and other officers. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after listing and, where the authorized representatives of our Company are unavailable, act as an additional channel of communication between our Company and the Stock Exchange at least for the period commencing from the Listing Date and ending on the date that our Company publishes its first full financial year results pursuant to Rule 13.46 of the Listing Rules;
- (d) meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or compliance adviser of our Company, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and compliance adviser of our Company; and
- (e) all Directors who are not ordinary residents in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong for business purpose and will be able to meet with the relevant members of the Stock Exchange within a reasonable period.