

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

In preparation for the [REDACTED], we have sought the following waiver from strict compliance with the relevant provisions of the GEM Listing Rules:

JOINT COMPANY SECRETARIES

Rule 11.07(2) of the GEM Listing Rules provides that an issuer must appoint a company secretary who satisfies Rule 5.14 of the GEM Listing Rules. Rule 5.14 of the GEM Listing Rules provides that an issuer must appoint as its company secretary an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 5.14 of the GEM Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (1) a member of The Hong Kong Chartered Governance Institute;
- (2) a solicitor or a barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (3) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 5.14 of the GEM Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual’s relevant experience:

- (1) length of employment with the issuer and other issuers and the roles he/she has undertaken;
- (2) familiarity with the GEM Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (3) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 5.15 of the GEM Listing Rules; and
- (4) professional qualifications in other jurisdictions.

Pursuant to paragraph 11 of Chapter 3.10 of the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 5.14 and 11.07(2) of the GEM Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the issuer has principal business activities primarily outside of Hong Kong; (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide) as a company secretary; and (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 5.14 of the GEM Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked if there are material breaches of the GEM Listing Rules by the issuer.

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Our Company has appointed Mr. Zhao Qiguo (趙啟國) as one of our joint company secretaries. Mr. Zhao joined our Group in August 2005 and is currently our executive Director, Board secretary and chief financial officer. In his capacity as the our Board secretary, Mr. Zhao has actively participated in the preparation of the application for the [REDACTED] and possesses extensive experience, well supported by his qualifications, and has accumulated abundant knowledge about the business operations and governance of corporations with a strong recognition of the corporate culture of our Group and being familiar with matters relating to our Board and corporate governance of our Company. Having considered Mr. Zhao’s expertise and backgrounds, our Directors consider that Mr. Zhao has the necessary nexus to our Board and close working relationship with management of our Company in order to perform the duties of a joint company secretary and to take the necessary actions in the most effective and efficient manner, and therefore is capable of discharging the functions of company secretary and is a suitable person to perform such role.

Notwithstanding the foregoing, Mr. Zhao, presently, does not possess the specified qualifications required by Rule 5.14 of the GEM Listing Rules, and may not be able to fulfil the requirements of the GEM Listing Rules on his own. We have appointed Ms. Liu Shengyun (柳聖雲), an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Note 2 to Rule 5.14 of the GEM Listing Rules, to act as the other joint company secretary to closely work with and provide support to Mr. Zhao during the initial period of three years commencing from the [REDACTED] so as to enable Mr. Zhao to acquire the relevant experience (as required under Rule 5.14 of the GEM Listing Rules) to duly discharge his duties as a company secretary of a listed issuer. See “Directors and Senior Management”.

Given Ms. Liu’s professional qualification and experience, he/she will be able to explain to both Mr. Zhao and us the relevant requirements under the GEM Listing Rules and other applicable Hong Kong laws and regulations. Ms. Liu will also assist Mr. Zhao in organising Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Liu is expected to work closely with Mr. Zhao and will maintain regular contact with Mr. Zhao, our Directors and the senior management of our Company. In addition, Mr. Zhao will comply with the annual professional training requirement under Rule 5.15 of the GEM Listing Rules to enhance his knowledge of the GEM Listing Rules during the three-year period from the [REDACTED]. He will also be assisted by our Compliance Adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the GEM Listing Rules and applicable laws and regulations.

Since Mr. Zhao does not possess the formal qualifications required of a company secretary under Rule 5.14 of the GEM Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 5.14 and 11.07(2) of the GEM Listing Rules. Such waiver is valid for an initial period of three years from the [REDACTED] on condition that (a) Mr. Zhao must be assisted by Ms. Liu, who possesses the qualifications and experience required under Rule 5.14 of the GEM Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) such waiver will be revoked immediately if and when Ms. Liu ceases to provide such assistance to Mr. Zhao as a joint company secretary during the Waiver Period or if there are material breaches of the GEM Listing Rules by our Company. We will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Mr. Zhao, having had the benefit of Ms. Liu’s assistance for three years, will have acquired the relevant experience within the meaning of Rule 5.14 of the GEM Listing Rules so that a further waiver will not be necessary.