

A. SUMMARY OF WAIVER

The following material waiver has been applied for and granted by the Stock Exchange:

WAIVER AND CONSENT IN RESPECT OF ALLOCATION OF SHARES TO THE XYS NON-INDEPENDENT PARTICIPANTS (AS DEFINED BELOW) IN THE XYS ASSURED OFFERING

Rule 10.03 of the Listing Rules provides that directors of a listing applicant and their close associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of the listing applicant if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (b) the minimum public float requirement under Rule 8.08(1) of the Listing Rules is fulfilled.

Rule 10.04 of the Listing Rules provides that an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of the listing applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

The XYS Qualifying Shareholders who are entitled to participate in the XYS Assured Offering (see the section headed “Structure and Conditions of the Global Offering” in this prospectus for further information) include our Directors and/or their close associates and certain Controlling Shareholders (collectively, the “**XYS Non-Independent Participants**”). The XYS Non-Independent Participants are Mr. TUNG Ching Sai (our executive Director), and Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. LEE Sing Din, Mr. LI Man Yin, Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. NG Ngan Ho, and Mr. SZE Ngan Sze (all of them are our Controlling Shareholders). The XYS Qualifying Shareholders’ Assured Entitlement is required under paragraph 3(f) of Practice Note 15 of the Listing Rules. In the absence of a written waiver and consent from the Hong Kong Stock Exchange, participation by the XYS Non-Independent Participants, who are XYS Qualifying Shareholders, in the XYS Assured Offering would be prohibited by Rules 10.03 and 10.04 of the Listing Rules, respectively, and paragraph 5(2) of Appendix 6 to the Listing Rules which restricts share allocations to directors of a listing applicant or their close associates or an existing shareholder of a listing applicant, whether in their own names or through nominees, unless the conditions set forth in Rule 10.03 of the Listing Rules are fulfilled.

The YYS Reserved Shares offered to the YYS Non-Independent Participants, who are YYS Qualifying Shareholders, are made pursuant to the YYS Assured Offering and therefore the conditions set forth under Rule 10.03(1) of the Listing Rules could not be fulfilled. However, the YYS Non-Independent Participants will participate in the YYS Assured Offering in their capacity as YYS Qualifying Shareholders, but not in the capacity as Directors and/or their close associates and our Controlling Shareholders, upon the same terms as the other YYS Qualifying Shareholders. There will be no preferential treatment given to any of the YYS Non-Independent Participants in the allocation of the YYS Reserved Shares as compared to other YYS Qualifying Shareholders.

Our Company has applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted to our Company, a waiver from strict compliance with Rules 10.03 and 10.04 of the Listing Rules and a consent under paragraph 5(2) of Appendix 6 to the Listing Rules for the inclusion of the YYS Non-Independent Participants, who are YYS Qualifying Shareholders, as the eligible participants under the YYS Assured Offering, subject to the conditions that:

- (a) no preferential allocation of the YYS Reserved Shares will be made to any of the YYS Non-Independent Participants in their capacity as YYS Qualifying Shareholders;
- (b) the YYS Non-Independent Participants in their capacity as YYS Qualifying Shareholders will not apply for such number of YYS Reserved Shares which is more than the total number of YYS Reserved Shares;
- (c) save as the YYS Assured Offering, none of the YYS Non-Independent Participants will participate or indicate any interest in the International Offering and the Hong Kong Public Offering;
- (d) the allocation of the YYS Reserved Shares will be on a pro rata basis amongst all YYS Qualifying Shareholders (who have applied for the YYS Reserved Shares) and no preferential treatment (in terms of allocation) will be given to the YYS Non-Independent Participants (who have applied for the YYS Reserved Shares and in their capacity as YYS Qualifying Shareholders) as compared to other YYS Qualifying Shareholders; and
- (e) the minimum public float requirement under Rule 8.08(1) of the Listing Rules will be complied with immediately after completion of the Global Offering and the Capitalization Issue.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENT

According to Rule 8.08(1)(a) of the Listing Rules, there must be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means 25% of the issuer's total issued share capital must at all times be held by the public. Pursuant to Rule 8.08(1)(d) of the Listing Rules, the Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of public float between 15% to 25% in the case of issuers with an expected market capitalization of over HK\$10 billion at the time of listing, where the Hong Kong Stock Exchange is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage of public float, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public float in successive annual reports after listing. In addition, the Hong Kong Stock Exchange would require a sufficient portion of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

If all XYX Reserved Shares are subscribed by the XYX Non-Independent Participants, the percentage of our Shares held by members of the public would be 16.26% at the time of the Listing on the basis that the holders of all XYX Reserved Shares would not be treated as public float of our Company for the purpose of the Listing Rules. Depending on the subscription level of the XYX Independent Shareholders under the XYX Assured Offering, the percentage of our Shares held by members of the public would increase to 28.41% if all XYX Reserved Shares are allocated to the XYX Independent Shareholders. Our Company has applied to the Hong Kong Stock Exchange to exercise its discretion under Rule 8.08(1)(a) of the Listing Rules, and the Hong Kong Stock Exchange has granted to our Company a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules, pursuant to which the percentage of public float of our Company at the time of the Listing shall not be less than 16.26% of our Shares in issue. In support of the waiver application, we have confirmed to the Hong Kong Stock Exchange that:

- (a) our Company will make appropriate disclosure of the lowest percentage of public float at the time of the Listing, i.e. 16.26%, in this prospectus;

- (b) the total number of our Hong Kong Offer Shares will represent more than 10% of the total number of our Offer Shares and the total number of our International Offer Shares (including the YYS Reserved Shares), which represents slightly less than 90% of the total number of our Offer Shares, would normally be offered in Hong Kong. Hence, the quantity and the scale of our Offer Shares would enable the market to operate properly even with a lower percentage of public float;
- (c) the expected market capitalization of our Company at the time of the Listing will be over HK\$10 billion;
- (d) our Company will confirm sufficiency of public float in the annual reports after the Listing; and
- (e) in the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, i.e. 15%, our Company will implement appropriate measures and mechanism to ensure the minimum public float percentage prescribed by the Hong Kong Exchange is complied with.

Therefore, our minimum public float shall be the highest of:

- (1) 16.26% of our Shares in issue at the time of the Listing if all YYS Reserved Shares are subscribed by the YYS Non-Independent Participants;
- (2) such other percentage, which is expected to be in the range between 16.26% and 28.41%, of our Shares to be held by members of the public immediately after completion of the Global Offering and the Capitalization Issue, assuming that the Over-allotment Option is not exercised, if not all YYS Reserved Shares are subscribed by the YYS Non-Independent Participants; and
- (3) such percentage of our Shares to be held by members of the public immediately after completion of the Global Offering and the Capitalization Issue, as increased by the number of our Offer Shares upon the exercise of the Over-allotment Option,

provided that the highest of (1), (2), and (3) above is below the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules.

The percentage of public float of our Company at the time of the Listing is expected to be in the range between 16.26% and 28.41% assuming that the Over-allotment Option is not exercise.