

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Pursuant to rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the executive Directors must be ordinarily resident in Hong Kong.

The headquarters of the Group and the Group's business, sales and management are in China, while all the executive Directors are also residing in China. Our Company does not consider it beneficial to appoint additional executive Directors because it will increase our administrative expenses and also reduce the efficiency and the effectiveness of our management in China. Our Company does not contemplate in the foreseeable future that we will have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under rule 8.12 of the Listing Rules.

Therefore, our Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements under rule 8.12 of the Listing Rules, and the Stock Exchange has granted such waiver on the following conditions:—

- (i) our Company has appointed two authorised representatives pursuant to rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. ZHANG Tianren, our executive Director, and Mr. LEUNG Kwok Wah Kevin, our Company secretary and our qualified accountant. Mr. ZHANG Tianren possesses a PRC Re-Entry Hong Kong and Macau Permit valid until 25 February 2009. Mr. LEUNG Kwok Wah Kevin is an ordinary resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (ii) our Company will continue to retain legal advisers as to Hong Kong laws after the listing of the Shares on the Main Board so as to ensure our continuous compliance with the Listing Rules and other applicable laws and regulations of Hong Kong; and
- (iii) in compliance with rule 3A.19 of the Listing Rules, our Company shall retain Kingsway Capital as compliance adviser for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year commencing after the Listing Date in accordance with rule 13.46 of the Listing Rules to provide our Company with advices on our obligation in compliance with the Listing Rules, all other applicable laws, rules, codes and guidelines.

WAIVER ON CONNECTED TRANSACTIONS

Our Company has applied to the Stock Exchange for a waiver from strict compliance with certain requirements under the Listing Rules in respect of our continuing connected transactions, particulars of which are set forth in the section headed “Connected transactions” in this prospectus.