

## WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provision of the Listing Rules:

### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. As of the Latest Practicable Date, except for a non-executive Director, none of our Directors is ordinarily resident in Hong Kong. Furthermore, the business operations of our Group are located in China. Due to the business requirements of our Group, none of our Directors has been, is or will be based in Hong Kong.

We have applied to the Stock Exchange for a waiver from the strict compliance with the requirement under Rule 8.12 of the Listing Rules on the following grounds:

- (a) our Group's principal business operations are located in the PRC;
- (b) members of our Group's senior management are, and expect to continue to be, based primarily in the PRC; and
- (c) for the purposes of the management and operations of our Group, the appointment 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 responsiveness of the Board in making decisions for our Group, especially when business decisions are required to be made within a short period of time. In addition, by appointing new executive Directors, who may not be familiar with the operations of our Group, to the Board for the sole purpose of satisfying the requirement of Rule 8.12 of the Listing Rules may not be in the best interest of our Company and our shareholders as a whole.

We have received from the Stock Exchange a waiver from strict compliance with rule 8.12 of the Listing Rules subject to the following conditions:

- (a) We will appoint 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 we comply with the Listing Rules at all times. The two authorized representatives are Mr. JIANG Liwei, our executive Director and chief executive officer, and Mr. William FU, our company secretary. Mr. William FU, is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile or e-mail;

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- (b) Each of the authorized representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times and as when the Stock Exchange wishes to contact the members of the Board for any matter. In addition, we have provided all of our Directors' mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange;
- (c) Each Director who is not ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to meet with the relevant members of the Stock Exchange in Hong Kong within reasonable notice; and
- (d) In compliance with Rule 3A.19 of the Listing Rules, we retained Anglo Chinese Corporate Finance Limited as our compliance adviser, they will act as an additional channel of communication with the Stock Exchange.