
WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from compliance with the relevant provisions of the Listing Rules:

PERMISSION TO LIST PURSUANT TO RULE 8.05(3) AND WAIVER UNDER RULE 8.05A OF THE LISTING RULES

Rule 8.05 of the Listing Rules provides that an issuer must satisfy either the profit test in Rule 8.05(1) or the market capitalization/revenue/cash flow test in Rule 8.05(2) or the market capitalization/revenue test in Rule 8.05(3).

Rule 8.05A of the Listing Rules provides that in the case of the market capitalization/revenue test, the Hong Kong Stock Exchange will accept a shorter trading record period under substantially the same management as required under Rule 8.05(3)(a) and 8.05(3)(b) if the new applicant is able to demonstrate to the satisfaction of the Hong Kong Stock Exchange of the following:

- (a) the directors and management of the new applicant have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such experience must be disclosed in the listing document of the new applicant; and
- (b) management continuity for the most recent audited financial year.

The Company is applying for listing using the market capitalization/revenue test in Rule 8.05(3) of the Listing Rules. Our Group only commenced commercial sale of its raw milk in October 2010. For such reasons, our Group may not be able to satisfy the trading record requirements of at least three financial years under Rule 8.05(3)(a) of the Listing Rules. Therefore, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with Rule 8.05(3)(a) pursuant to Rule 8.05A of the Listing Rules, for the following reasons:

- (i) the executive Directors and senior management of the Company have sufficient and satisfactory experience of at least three years in the line of business and industry of the Company;
- (ii) the Company has fulfilled the management continuity requirement for the three preceding financial years; and
- (iii) the Company meets the other requirements set out in Rule 8.05(3) of the Listing Rules, namely, the ownership continuity and control requirement, market capitalization requirement and revenue requirement.

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MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

Since the business, operations and production facilities of our Group are primarily located, managed and conducted in China, there is no business need to appoint executive directors in Hong Kong. All of the executive Directors and our Group's senior management are, and will continue to be, based in the PRC. Substantially all of our Group's assets are based in China. The Company does not, and does not contemplate in the foreseeable future that it will have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

An application for a waiver from compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 of the Listing Rules has been made to the Stock Exchange and such waiver has been granted by the Stock Exchange.

The arrangements proposed by the Company for maintaining at all times regular, adequate and effective communication with the Stock Exchange for the purposes of Rules 3.05, 3.06 and 8.12 of the Listing Rules are as follows:

- (a) the Company has appointed and will continue to maintain two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal point of communication with the Stock Exchange. The two authorized representatives proposed to be appointed are Mr. Wang Shaogang (an executive Director) and Mr. Liu Gang (a joint company secretary of the Company). The authorized representatives will have the means to contact all our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. They have provided their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary to deal with enquiries from the Stock Exchange from time to time. Each of the two authorized representatives is authorized to communicate on behalf of the Company with the Stock Exchange. The Company will inform the Stock Exchange promptly if there is any change in our authorized representatives or the contact details of any of them;
- (b) each Director who is not ordinarily resident in Hong Kong currently possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time upon prior notice from the Stock Exchange, if required;

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- (c) the Company will, before the Listing Date, appoint Baron Global Financial Services Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will also act as an additional point of contact between the Company and the Stock Exchange for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Company will inform the Stock Exchange promptly of any change of its compliance adviser;
- (d) the Company will appoint other professional advisers (including legal advisers and accountants) to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong and to ensure that there will be efficient communication with the Stock Exchange after the Listing; and
- (e) each of our Directors has provided his respective mobile phone number, office phone number, e-mail address and fax number to the Stock Exchange. In the event that a Director expects to travel outside Hong Kong, he shall provide to the authorized representatives the phone numbers of the place of his accommodations outside Hong Kong or the phone numbers where he can be contacted outside Hong Kong.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules sets out the academic and professional qualifications considered to be acceptable by the Hong Kong Stock Exchange:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules sets out the factors that the Hong Kong Stock Exchange considers when assessing an individual's "relevant experience:"

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

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We have appointed Mr. Liu Gang as one of our joint company secretaries. He joined our Group in January 2012 with sound understanding of the operations of our Board and the Company. Mr. Liu Gang has been closely involved in the preparation of our Listing and hence he is familiar with the legal and the Listing Rules' requirements. He also attended the training seminar delivered by the Company's legal advisers as to Hong Kong laws to the Directors and senior management of the Company. However, he does not possess the specified qualifications required by Rule 3.28 of the Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, we have made the following arrangements:

- Mr. Liu Gang will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by the Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Hong Kong Stock Exchange for listed issuers from time to time, in addition to the minimum requirement under Rule 3.29 of the Listing Rules;
- we have appointed Mr. Kwok Siu Man ("Mr. Kwok") who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary to work closely with and to provide assistance to Mr. Liu Gang in the discharge of his duties as a company secretary for an initial period of three years commencing from the Listing Date so as to enable Mr. Liu Gang to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as company secretary. Under the engagement letter made between the Company and Boardroom Corporate Services (HK) Limited ("BCS"), it has been agreed that BCS will agree to render corporate secretarial services to the Company, and Mr. Kwok has been nominated by BCS to assume the office of joint company secretary of the Company; and
- upon expiry of the three-year period, the qualifications and experience of Mr. Liu Gang will be re-evaluated. Mr. Liu Gang is expected to demonstrate to the Hong Kong Stock Exchange's satisfaction that he, having had the benefit of Mr. Kwok's assistance for three years, would then have acquired the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 3.28 and Rule 8.17 of the Listing Rules. Upon the expiry of the initial three-year period, the qualifications of Mr. Liu Gang will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied. In the event that Mr. Liu Gang has obtained relevant experience under Note 2 to Rule 3.28 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement would no longer be necessary.

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CONTINUING CONNECTED TRANSACTIONS

In November 2013, our Group entered into master agreements for (i) purchase from the Dinghe Group of feeds and (ii) sales to Feihe Dairy Group (being deemed by the Stock Exchange as a connected person after Listing) of raw milk, which would constitute continuing connected transactions (or we agree to undertake to comply with Chapter 14A of the Listing Rules' requirements), and be subject to the various applicable requirements under Chapter 14A of the Listing Rules after the Listing.

Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in "Continuing Connected Transactions" in this Prospectus.