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## WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

### MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Main Board to have a sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong. Since all of the principal business operation and manufacturing facilities of our Group are located in Guangzhou and Inner Mongolia of the PRC, substantially all of our Directors and our senior management team has been and will continue to be based in the PRC.

At present, our executive Directors and four out of six of our non-executive Directors (including independent non-executive Directors) are not ordinarily resident in Hong Kong. Further, our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint additional Hong Kong residents as executive Directors or to relocate any of our existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. We do not have, and do not contemplate in the foreseeable future, that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

In this regard, we have applied to the Stock Exchange and the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange we will put in place the following measures to ensure that regular communication is maintained between the Stock Exchange and us:

- our Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, namely, Mr. AN, our executive Director, and Mr. YAU Chi Ming, our company secretary, who will act as our principal channel of communication with the Stock Exchange. Mr. YAU Chi Ming is ordinarily resident in Hong Kong. Each of our authorised representatives has furnished his contact details to the Stock Exchange and has confirmed that each of them will be able to meet with the Stock Exchange in Hong Kong within a reasonable time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and electronic means.
- Each of our authorised representatives will be provided means to contact all of our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Each of them is authorised to communicate on behalf of our Company with the Stock Exchange.
- All of our Directors who are not ordinarily resident in Hong Kong have also confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange in Hong Kong within a reasonable period of time when required. Also, each of our Directors has furnished his mobile phone number, office phone number, e-mail address and fax number to the Stock Exchange should the Stock Exchange wish to contact any of our Directors.

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- our Company has retained a compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date and it will act as an additional channel of communication of our Company with the Stock Exchange.
- our Company shall also appoint other professional advisers (including legal advisers and accountants) after the Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be efficient communication with the Stock Exchange.