

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, the Company must have a sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. At present, there will be no executive Directors ordinarily resident in Hong Kong after the Listing. The senior management team of the Group is and will continue to be based in the PRC to attend to their respective duties. Further, as each of the executive Directors has a vital role in the Group's operations, it is crucial for them to remain in close proximity to the Group's central management located in the PRC. Accordingly, we do not, and for the foreseeable future, will not, have a sufficient management presence in Hong Kong, for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

For the reasons set out above, the Directors consider that it would be practically difficult, unduly burdensome and not commercially feasible for us to appoint two Hong Kong residents as executive Directors or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements set out in Rules 8.12 and 19A.15 of the Listing Rules. We have made arrangements to maintain effective communication between the Stock Exchange and us as follows:

- (i) both of the Company's authorised representatives, Mr. Lam Wo Ping, an executive Director of the Company, and Mr. Liu Guodong, the company secretary of the Company, will act as our principal channel of communication with the Stock Exchange. Each of Mr. Lam Wo Ping and Mr. Liu Guodong has confirmed that he possesses valid travel documents and can readily travel to Hong Kong to meet with the Stock Exchange within a reasonable time upon request of the Stock Exchange, if required. They will be readily contactable by telephone, facsimile and email, and are authorised to communicate on behalf of the Company with the Stock Exchange;
- (ii) both of the authorised representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. To enhance communication between the Stock Exchange, the authorised representatives and the Directors, the Company has implemented a policy whereby (a) each Director will provide his or her office phone numbers, mobile phone numbers, residential phone numbers, office facsimile numbers and email addresses to the authorised representatives; (b) each Director will provide valid phone numbers or means of communication to the authorised representatives when he or she travels; and (c) all Directors will provide their mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange;

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- (iii) The Company, in accordance with Rule 3A.19 of the Listing Rules, has appointed Industrial Securities (HK) Capital Limited as our compliance adviser, who will act as an additional channel of communication with the Stock Exchange. The Company will ensure that Industrial Securities (HK) Capital Limited shall have access at all times to its authorised representatives, Directors and members of the senior management. The Company will also procure that such persons provide promptly to Industrial Securities (HK) Capital Limited such information and assistance as it may need or may reasonably request in connection with the performance of the compliance adviser's duties as set forth in Chapter 3A and Chapter 19A of the Listing Rules. Industrial Securities (HK) Capital Limited will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the Listing date at least until the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results and its annual report for the first full financial year following the Listing;
- (iv) Meetings between the Stock Exchange and the Directors could be arranged through the authorised representatives or the Company's compliance adviser, or directly with the Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the Company's authorised representatives and compliance adviser; and
- (v) Each Director who does not ordinarily reside in Hong Kong has confirmed that either he or she possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period.

In these circumstances, the Company and its Directors do not envisage that there should be any difficulty for the Stock Exchange to contact (if required) any of the executive Directors and believe that the arrangements set out above are sufficient to maintain effective communication between the Company and the Stock Exchange. The Directors will ensure that disclosure of information and contact with the Stock Exchange will be made on a timely basis.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into, and expects to continue after the Listing, certain transactions which will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement as set out in Chapter 14A of the Listing Rules in respect of such non-exempt continuing connected transactions.

The details of such waiver are set out in the section headed "Connected Transactions" of this prospectus.