
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our core business and operations are substantially based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate our two Executive Directors to Hong Kong. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

- (1) We will appoint two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. The two authorized representatives to be appointed are Ms. Kei Perenna Hoi Ting, our Non-executive Director and Ms. Li Yan Wing, Rita, our company secretary. Ms. Kei Perenna Hoi Ting and Ms. Li Yan Wing, Rita hold valid Hong Kong identity cards and are 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 and email. Each of the two authorized representatives will be authorized to communicate on our behalf with the Stock Exchange.
- (2) All our authorized representatives (including the alternate) have means to contact all of our Directors (including the Independent Non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, we will implement a policy that (a) each Director will have to provide his/her mobile telephone number, office telephone number, fax number and email address to the authorized representatives; (b) in the event that a Director expects to travel, he/she will endeavor to provide the telephone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile telephone; and (c) all our Directors and authorized representatives will provide their respective mobile telephone numbers, office telephone numbers, fax numbers and email addresses to the Stock Exchange.
- (3) We will appoint Somerley Limited as our compliance advisor, pursuant to Rule 3A.19 of the Listing Rules, which will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us.
- (4) Meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorized representatives and/or the compliance advisor.

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CONNECTED TRANSACTIONS

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to certain continuing connected transactions under Chapter 14A of the Listing Rules. For details, please refer to the section entitled “Connected Transactions” in this prospectus.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer’s listed securities to be maintained. This normally means that at least 25% of an issuer’s total issued share capital must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10.0 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;
- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after Listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

We expect to achieve a minimum market capitalization of at least HK\$10 billion upon Listing and we have applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% of our issued share capital (assuming the Over-allotment Option is not exercised), or such higher percentage of our issued share capital as will be held by the public following the completion of the Global Offering but before any exercise of the Over-allotment Option, or such higher percentage of our issued share capital as will be held by the public in the event that the Over-allotment Option is exercised. The above discretion is subject to the condition that we make appropriate disclosure of the lower prescribed percentage of public float in this prospectus and confirm the sufficiency of the public float in our successive annual reports after the Listing. We and the Sole Sponsor will be able to demonstrate compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules.

In addition, we will implement appropriate measures and mechanisms to ensure continual maintenance of a 15% public float (or a higher percentage upon completion of any exercise of the Over-allotment Option). In the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, the Directors and our Controlling Shareholders will take appropriate steps, which may include a further issue of Shares by us and/or the placing of some Shares by our Controlling Shareholders and/or their associates to independent third parties, to ensure the minimum percentage of public float prescribed by the Stock Exchange is complied with.