
WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, the Company must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since our head office and substantially all of our business operations are based, managed and conducted in the PRC, we do not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong, for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Currently, all of our four executive Directors reside in the PRC.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with 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 authorized representatives, Mr. Jiang Yingchun, a PRC resident, and, Ms. Yung Mei Yee, a Hong Kong resident, will act as our principal channels of communication with the Stock Exchange. Although Mr. Jiang resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, the authorized representatives of the Company will be able to meet with the relevant members of the Stock Exchange on short notice;
- (ii) both of the authorized representatives of the Company have means of contacting all Directors (including our independent non-executive Directors) promptly at all times and when the Stock Exchange wishes to contact a Director on any matters;
- (iii) each Director has provided his mobile phone number, office phone number, e-mail address and fax number to the authorized representatives of the Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of office, he will provide the phone number of the place of his accommodation to the authorized representatives of the Company;
- (iv) each of our Directors who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;
- (v) Ms. Yung Mei Yee, one of the Company's joint company secretaries, who is a Hong Kong resident, will, among other things, act as a channel of communication of the Company with the Stock Exchange and be able to answer enquiries from the Stock Exchange; and

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- (vi) the Company has appointed Shenyin Wanguo Capital (H.K.) Limited as our compliance advisor who will serve as an additional channel of communication with the Stock Exchange from the Listing Date to the date when the Company dispatches our annual reports to our Shareholders for the first full financial year immediately after the listing of our H Shares. Shenyin Wanguo Capital (H.K.) Limited will maintain contact with our authorized representatives, Directors and senior management through various means, including meetings and telephone discussions whenever necessary.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Rule 8.17

According to Rule 8.17 of the Listing Rules, the issuer must appoint a company secretary who satisfies Rule 3.28.

Rule 3.28

According to Rule 3.28 of the Listing Rules, the secretary of the Company must be a person who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (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).

In assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Future Ordinance, 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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Our Company has appointed Mr. Chen Peng as one of the joint company secretaries. Mr. Chen has a profound knowledge and understanding of Chinese culture industry and is experienced in operation and management and has a thorough understanding of the operation of the Board and our Company. However, Mr. Chen does not possess a qualification as stipulated in Rule 3.28 of the Listing Rules and may not be able to fulfill the requirements as stipulated under Rule 3.28 of the Listing Rules. As such, our Company has appointed Ms. Yung Mei Yee as the other joint company secretary who is able to fully comply with the requirements set out under Rule 3.28 of the Listing Rules. Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Chen to become a company secretary with the requisite qualification as required under the Listing Rules:

Mr. Chen will endeavor to attend relevant training courses including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules organized by the Company's Hong Kong legal advisor on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time.

The Company has appointed Ms. Yung Mei Yee, who meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to assist Mr. Chen so as to enable him in gaining the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties as a company secretary of the Company.

Ms. Yung will communicate regularly with Mr. Chen on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to us and our affairs. Ms. Yung will work closely with, and provide assistance for Mr. Chen in the charge of his duties as a joint company secretary, including organizing the Company's board meetings and Shareholders' meetings.

Mr. Chen has been appointed for an initial period of three years from the date of listing of the H Shares, provided that he will be assisted by Ms. Yung. Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Mr. Chen and the need for on-going assistance would be made.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. The waiver will be revoked immediately if Ms. Yung ceases to provide assistance and guidance to Mr. Chen. Upon the expiry of the initial three-year period, the qualifications of Mr. Chen will be re-evaluated to determine whether the requirements as stipulated in Rule 3.28 of the Listing Rules can be satisfied. In the event that Mr. Chen has obtained relevant experience under Rule 3.28 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement will no longer be required by the Company.

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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 under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement and/or independent shareholders' approval requirements under 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.

RULE 4.04(1) OF THE LISTING RULES

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include, inter alia, the results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The Accountants' Report for each of the three years ended December 31, 2010, 2011 and 2012 and the ten months ended October 31, 2013 has been prepared and is set out in Appendix I to this prospectus. However, strict compliance with Rule 4.04(1) of the Listing Rules would be unduly burdensome for the Company as there would not be sufficient time for the Company and the reporting accountants to finalise the audited financial statements of the Group for the financial year ended December 31, 2013 for inclusion in this prospectus.

An application was made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange, on the conditions that:

- (i) the Company lists on the Stock Exchange on or before March 31, 2014;
- (ii) the Company obtains a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance;
- (iii) a profit estimate for the year ended December 31, 2013 which complies with Rules 11.17 to 11.19 will be included in the prospectus; and
- (iv) a Director's statement that there is no material adverse change to the financial and trading positions or prospect of the Group with specific reference to the trading results from October 31, 2013 to December 31, 2013 will be included in this prospectus.

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EXEMPTION FROM PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE COMPANIES ORDINANCE

According to paragraph 27 of Part I of the Third Schedule to the Companies Ordinance, our Group is required to include in this prospectus a statement as to the gross trading income or sales turnover of our Group during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies Ordinance, our Group is required to include in this prospectus a report by our auditor with respect to (i) the profits and losses of the Group for each of the three financial years immediately preceding the issue of this prospectus; and (ii) the assets and liabilities of the Group at the last date to which the accounts of the Group were made up.

Pursuant to section 342A of the Companies Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The Accountants' Report for each of the three years ended December 31, 2010, 2011 and 2012 and the ten months ended October 31, 2013 has been prepared and is set out in Appendix I to this prospectus. However, strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance would be unduly burdensome for the Company as there would not be sufficient time for the Company and the reporting accountants to finalise the audited financial statements of the Group for the financial year ended December 31, 2013 for inclusion in this prospectus.

An application was also made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 of Part I and 31 of Part II of the Third Schedule to the Companies Ordinance in relation to the inclusion of the Accountants' Report for the full year ended December 31, 2013 in this prospectus on the condition that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before February 24, 2014. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance.

Our Directors confirmed that all information that is necessary for the public to make an informed assessment of the business, assets and liabilities, financial position and profitability of the Group has been included in this prospectus, as such the waiver granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rule 4.04(1) of the Listing Rules and paragraphs 27 of Part I and 31 of Part II of the Third Schedule to the Companies Ordinance will not prejudice the interests of the public investors.

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Our Directors confirmed that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of the Group from October 31, 2013 (i.e. the date of the latest audited consolidated financial position of the Group as set out in Appendix I to this prospectus) to December 31, 2013.