
WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE COMPANIES ORDINANCE

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules and the Companies Ordinance:

I. CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the Hong Kong Listing Rules after the Listing. Our Company has received from the Hong Kong Stock Exchange a waiver from strict compliance with the announcement and independent shareholders' approval requirement set out in Chapter 14A of the Hong Kong Listing Rules for such non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Relationship with the Controlling Shareholder and continuing connected transactions" in this prospectus.

II. MANAGEMENT PRESENCE

Rule 8.12 of the Hong Kong Listing Rules requires that a new applicant applying for a primary listing on the Main Board of the Hong Kong 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 residents in Hong Kong. Since our principal business operations and manufacturing facilities are primarily located, managed and conducted in the PRC, our senior management members are and will therefore continue to be based in the PRC. Our Company has established a principal place of business in Hong Kong on December 29, 2008 and has registered as a non-Hong Kong company under Part XI of the Companies Ordinance on January 22, 2009. However, save that Mr. Cheung Lap Kei ("Mr. Cheung"), our joint company secretary, who is ordinarily resident in Hong Kong, Mr. Ma Xiaowei, a non-executive Director, and two of the four independent non-executive Directors, namely Mr. Wong Chun Wa and Mr. Lo Wa Kei, Roy, who are Hong Kong residents, all the other Directors are not Hong Kong residents or based in Hong Kong. Our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong. We have applied to the Hong Kong Stock Exchange for a waiver from the strict compliance with the requirement under Rule 8.12 of the Hong Kong Listing Rules on the following grounds:

- (a) our Group's principal place of business is based in Liaoyang, Liaoning Province of the PRC;
- (b) throughout the Track Record Period, most of our Group's senior management staff are mainly located in Liaoyang, Liaoning Province of the PRC;
- (c) our Group's principal business operations and manufacturing facilities are based in the PRC;
- (d) Mr. Cheung, our joint company secretary, is an ordinarily resident in Hong Kong; and

WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE COMPANIES ORDINANCE

- (e) the management and operation of our Group has been under the supervision of the existing five executive Directors, which has proven to be effective. They are responsible for the day-to-day management of our Group's business. The appointment of two additional executive Directors to reside in Hong Kong or the relocation of our Company's executive Directors to Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness and responsiveness of the decision making process of the Board, especially when business decisions are required to be made within a short period of time.

We have received from the Hong Kong Stock Exchange a waiver from strict compliance with Rule 8.12 of the Hong Kong Listing Rules subject to the following conditions:

- (a) we will appoint two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. We have appointed Mr. Cheung, our joint company secretary, who is ordinarily resident in Hong Kong, and Mr. Lu Changqing ("Mr. Lu"), our executive Director and a joint company secretary as our two authorized representatives. Each of the authorized representatives will be available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by telephone, facsimile or email. Each of the authorized representatives is authorized to communicate on our behalf with the Hong Kong Stock Exchange;
- (b) both of our authorized representatives will have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the members of the Board for any matters;
- (c) we shall promptly inform the Hong Kong Stock Exchange of any changes on the authorized representatives;
- (d) we have appointed a compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules who will also act as our channel of communication with the Hong Kong Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Hong Kong Listing Rules; and
- (e) all Directors (including the independent non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong prior to the Listing and will be able to meet with the relevant members of the Hong Kong Stock Exchange within a reasonable period of time, when required.

WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE COMPANIES ORDINANCE

III. DISCLOSURES RELATING TO THE GRANTEES OF PRE-IPO OPTIONS

In view of the fact that our Company has granted options under our Pre-IPO Share Option Scheme to more than 70 grantees, we have applied to the Hong Kong Stock Exchange for a waiver from the strict compliance with the disclosure requirements under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and to the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedules to the Companies Ordinance for the reasons set out in the paragraph headed “D. Other Information – 2. Pre-IPO Share Option Scheme” in Appendix VI to this prospectus. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance subject to the conditions set out in the aforesaid paragraph. In addition, the Hong Kong Stock Exchange has granted the waiver subject to the conditions set out in the aforesaid paragraph.

IV. QUALIFICATION OF COMPANY SECRETARY

As a company secretary of our Company, Mr. Lu is not an ordinarily resident in Hong Kong as required under Rule 8.17 of the Hong Kong Listing Rules and does not possess the qualification required under Rule 8.17(2) of the Hong Kong Listing Rules, and therefore he does not meet all the requirements under Rule 8.17 of the Hong Kong Listing Rules. Our Company has appointed Mr. Cheung as a joint company secretary, who is ordinarily resident in Hong Kong and meets the requirements under Rule 8.17 of the Hong Kong Listing Rules to assist Mr. Lu so as to enable him to acquire the relevant experience (required under Rule 8.17(3) of the Hong Kong Listing Rules) to discharge the duties of a company secretary. Mr. Cheung has been engaged by our Company in the above capacity for a period of three years commencing on the Listing Date (the “engagement period”). During the engagement period, Mr. Cheung will ensure that he will be available to provide assistance to Mr. Lu as described above. In addition, our Company will provide Mr. Lu with sufficient training through attending relevant external seminars and/or training courses. Upon expiry of the engagement period, the ability of Mr. Lu to discharge the duties of a company secretary of our Company and the need for ongoing assistance will be further evaluated by our Company in order to determine whether the appointment of Mr. Lu as sole company secretary would satisfy the requirements as stipulated in the Hong Kong Listing Rules.

Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.17 of the Hong Kong Listing Rules. Further details of the waiver granted by the Hong Kong Stock Exchange are set out in the paragraph headed “Joint company secretaries” in the section headed “Directors, senior management and staff” in this prospectus.