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## WAIVER FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

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

### **Management Presence in Hong Kong**

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located in the PRC, the senior management members of our Group are, and are expected to continue to be, based in the PRC. Therefore, for the purpose of our Group's operations, our Directors consider that it is not necessary for our Group to appoint an executive Director who ordinarily resides in Hong Kong. At present, the Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The three executive Directors are Mr. Zhang Daming, Ms. Deng Xianxue and Mr. Li Xudong. All three executive Directors ordinarily reside in the PRC. We have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12.

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

- (a) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives to be appointed are Mr. Zhang Songyi, one of our non-executive Directors, and Mr. Zhu Ben Yu, our chief financial officer and company secretary. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong upon short notice and will be readily contactable by telephone, facsimile or e-mail. Each of the two authorized representatives has been duly authorized to communicate on behalf of our Company with the Stock Exchange. Each of the authorized representatives has appointed our Company's accountant, Ms. Chui Yim Ling (徐艷玲) as his alternate authorized representative as an additional communication channel between our Company and the Stock Exchange when the authorized representatives are outside Hong Kong;
- (b) We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will also act as our Company's communication channel with the Stock Exchange when the authorized representatives are not available;
- (c) Both the authorized representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of the Board for any matters. We will implement a policy whereby (i) each Director will provide his or her mobile phone number, residential phone number, facsimile number and e-mail address to the authorized representatives; (ii) each executive Director will provide valid phone numbers or means of communication to the authorized representatives when he or she is traveling; and (iii) each executive Director will provide his or her mobile phone number, residential phone number, office phone number, facsimile number and e-mail address to the Stock Exchange;
- (d) Mr. Zhu Ben Yu, the chief financial officer and the company secretary of our Company, is ordinarily resident in Hong Kong. He will (i) provide his office phone number, mobile phone number, facsimile number and e-mail address to the Stock Exchange; and (ii) have the office phone numbers, mobile phone numbers, residential phone numbers, facsimile numbers and e-mail addresses of all the Directors and the authorized representatives;

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- (e) Meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or our compliance adviser, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and compliance adviser; and
- (f) All of the executive Directors who are not ordinarily resident in Hong Kong have 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 within a reasonable period of time, when required.

### **Pre-IPO Share Option Scheme**

We have applied to (i) the SFC for a certificate of exemption under section 342A of the Companies Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, and (ii) the Stock Exchange for a waiver from full compliance with the disclosure requirements of Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules, in respect of the names and addresses of the employees of our Group to whom options have been granted under the Pre-IPO Share Option Scheme on the ground that full compliance with these requirements would be unduly burdensome for the following reasons:

- (a) The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change on our financial position.
- (b) Under the Pre-IPO Share Option Scheme, there are, in total, 198 grantees comprised of 3 Directors and, 7 of our senior managerial staff and 188 of our employees. Full disclosure of the required particulars of the entitlements of both our senior managerial staff and employees under the Pre-IPO Share Option Scheme on an individual basis would be costly and unduly burdensome for us to comply with.
- (c) We consider that disclosure of the information in the section headed “Appendix VII — Statutory and General Information — Outstanding Options Granted under the Pre-IPO Share Option Scheme” already provided prospective investors with necessary and sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per share of the options granted under the Pre-IPO Share Option Scheme.

The Stock Exchange has granted the waiver on the conditions that:

- (a) the following information and particulars shall be disclosed in this prospectus:
  - (i) on an individual basis, the details of all options granted under the Pre-IPO Share Option Scheme to the Directors of our Company and its subsidiaries, members of senior management of our Group and the Connected Persons of our Group, and such details shall include all information and particulars required under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;
  - (ii) on an aggregated basis, other than those grantees as referred to in paragraph (a)(i), the number of grantees and the number of Shares to be subscribed for under the options granted under the Pre-IPO Share Option Scheme, the consideration paid for the grant of the options granted under the Pre-IPO Share Option Scheme, the period during which the options granted under the Pre-IPO Share Option Scheme are exercisable, and the subscription price to be paid for the Shares upon exercise of the options granted under the Pre-IPO Share Option Scheme;

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- (iii) the dilutive effect and impact on earnings per share upon full exercise of the option granted under the Pre-IPO Share Option Scheme;
  - (iv) the aggregate number of Shares subject to the outstanding options granted by our Company under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital of which such number represents; and
- (b) a list of all grantees (including both the senior managerial staff and the employees of our Group) of the options granted by our Company under the Pre-IPO Share Option Scheme providing information required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I to the Third Schedule to the Companies Ordinance will be available for public inspection in accordance with the paragraph headed "B. Documents Available for Inspection" in Appendix IX to this prospectus.

The SFC has granted the exemption on the following conditions:

- (a) the following information and particulars shall be disclosed in this prospectus:
  - (i) on an individual basis, the details of all options granted under the Pre-IPO Share Option Scheme to the Directors of our Company and its subsidiaries, members of senior management of our Group, and such details shall include all information and particulars required under paragraph 10 of the Part I of the Third Schedule to the Companies Ordinance;
  - (ii) on an aggregated basis, other than those grantees as referred to in paragraph (a)(i), the number of grantees and the number of Shares to be subscribed for under the options granted under the Pre-IPO Share Option Scheme, the consideration paid for the grant of the options granted under the Pre-IPO Share Option Scheme, the period during which the options granted under the Pre-IPO Share Option Scheme are exercisable, and the subscription price to be paid for the Shares upon exercise of the options granted under the Pre-IPO Share Option Scheme; and
- (b) a list of all grantees (including both the senior managerial staff and the employees of our Group) of the options granted by our Company under the Pre-IPO Share Option Scheme providing information required under paragraph 10 of Part I to the Third Schedule to the Companies Ordinance will be available for public inspection in accordance with the paragraph headed "B. Documents Available for Inspection" in Appendix IX to this prospectus.

Further details of the Pre-IPO Share Option Scheme and the waiver are set out in "Appendix VII — Statutory and General Information — Pre-IPO Share Option Scheme".