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

MANAGEMENT PRESENCE IN HONG KONG

According 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 the executive Directors must be ordinarily resident in Hong Kong. At present, substantially all of our executive Directors ordinarily reside in China, since our main operations are in China. We do not and will not, in the foreseeable future, have any management presence in Hong Kong.

Accordingly, our Hong Kong legal advisers, have applied on our behalf 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 8.12 of the Listing Rules subject to the following conditions:

- (a) the Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Group's principal channel of communication with the Hong Kong Stock Exchange. The two authorised representatives are Mr. Thomas H. Quinn and Mr. Kee-Kwan Allen Chan. Each has confirmed that he will be able to meet with the Hong Kong Stock Exchange within a reasonable time frame upon request of the Hong Kong Stock Exchange, if required. They will be readily contactable by telephone, facsimile and email, and are authorised to communicate on behalf of our Group with the Hong Kong Stock Exchange;
- (b) the authorised representatives have means of contacting our Directors promptly at all times as and when the Hong Kong Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Hong Kong Stock Exchange, the authorised representatives, our Directors, and our Company has implemented a policy whereby (i) each Director will have to provide his/her office phone numbers, mobile phone numbers, residential phone numbers, facsimile numbers and email addresses to the authorised representatives; (ii) in the event that an executive Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives; and (iii) all Directors will provide their mobile phone numbers, office phone numbers, facsimile numbers and email addresses to the Hong Kong Stock Exchange;
- (c) our Group will, in accordance with Rule 3A.19 of the Listing Rules, also appoint a compliance adviser, who will have access at all times to our Company's authorised representatives, Directors and other officers and act as an additional channel of communication with the Hong Kong Stock Exchange. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing;
- (d) meetings between the Hong Kong Stock Exchange and our Directors could be arranged through our authorised representatives or our compliance adviser, or directly with our Directors within a reasonable time frame. Our Group will inform the Hong Kong Stock Exchange promptly in respect of any change in our authorised representatives and compliance adviser; and
- (e) all of our Directors have confirmed that they possess or can apply for a valid travel documents to visit Hong Kong and will be able to meet with the Hong Kong Stock Exchange in Hong Kong upon reasonable notice.

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PERMISSION TO LIST PURSUANT TO RULE 8.05(3) AND WAIVER UNDER RULE 8.05A OF THE LISTING RULES

While we are able to satisfy the requirements relating to revenue and ownership continuity and control under Rule 8.05(3) of the Listing Rules, we are unable to satisfy the management continuity requirement under Rule 8.05(3)(b) of the Listing Rules whereby it requires a management continuity for at least the three preceding financial years as the Company was incorporated on 12 April 2006. We, therefore, have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.05(3)(b) of the Listing Rules relating to management continuity pursuant to Rule 8.05A of the Listing Rules on the grounds that our Directors and senior management members have sufficient and satisfactory experience of at least three years in our line of business and industry and that there was management continuity for the most recent audited financial year. We have been permitted to list on the Main Board of the Hong Kong Stock Exchange on the basis that we satisfy the market capitalisation/revenue test pursuant to Rule 8.05(3) of the Listing Rules which requires, in addition to satisfying the aforementioned management continuity criterion: (a) a trading record of not less than three financial years; (b) ownership continuity and control for the year ended 31 December 2008; (c) a market capitalisation of at least HK\$4 billion at the time of Listing; (d) revenue of at least HK\$500 million during the year ended 31 December 2008; and (e) a minimum of 1,000 shareholders at the time of Listing.

WAIVER FROM RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES ORDINANCE

Rule 4.04(1) of the Listing Rules stipulates that our Company is required to include in this Prospectus an accountants' report covering the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this Prospectus.

Paragraph 27 of Part I of the Third Schedule to the Companies Ordinance requires our Company to set out in this Prospectus a statement as to, *inter alia*, the gross trading income or sales turnover during the three years preceding the date of this Prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable break-down between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies Ordinance requires our Company to include in this Prospectus a report by the auditors with respect to, *inter alia*, the profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this Prospectus.

The Accountants' Report of our Group for the period from 12 April 2006 (date of incorporation of the Company) to 31 December 2006, each of the two financial years ended 31 December 2007 and 2008 and the seven months ended 31 July 2009 has been prepared and is set forth in Appendix I to this Prospectus. However, strict compliance with Rule 4.04(1) of the Listing Rules and paragraphs 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance would create undue burden on us, as there would not be sufficient time for us and the Reporting Accountants to finalise the audited financial statements for the full financial year ended 31 December 2009 for inclusion in this Prospectus.

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In such circumstances, an application has been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such a waiver has been granted by the Hong Kong Stock Exchange on condition that (i) the Listing Date will not be more than three months after the latest financial year-end, i.e. by 31 March 2010; and (ii) Rule 8.06 of the Listing Rules is to be complied with, in that the latest financial period reported on by the Reporting Accountants of our Company as set out in the Accountants' Report in Appendix I to this Prospectus shall not end more than six months before the date of this Prospectus.

An application has also been made to the SFC for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance in relation to the inclusion of the Accountants' Report for the full financial year ended 31 December 2009 in this Prospectus on the ground that it would be unduly burdensome for the Company to do so within a short period of time after 31 December 2009 and a certificate of exemption has been granted by the SFC under section 342(A) of the Companies Ordinance subject to the conditions that particulars of the exemption are set out in this Prospectus and this Prospectus is issued on or before 29 January 2010.

Our Directors have confirmed that they have performed sufficient due diligence on our Group to ensure that, up to the date of this Prospectus, there has been no material adverse change in the financial position or prospects of our Group since 31 July 2009 and that there is no event since 31 July 2009 which would adversely and materially affect the information shown in the Accountants' Report of our Group as set forth in Appendix I to this Prospectus. The Directors consider that all information that is reasonably necessary for our potential investors to make an informed assessment of our activities and financial position has been included in this Prospectus, and the granting of such exemption is unlikely to prejudice the interest of our potential investors. Any material event which has arisen since 31 July 2009 has been disclosed under the section headed "Subsequent Event" in section III of the Accountants' Report set out in Appendix I to this Prospectus.

JOINT COMPANY SECRETARIES

According to Rule 8.17 of the Listing Rules, our secretary must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of a secretary in a listed company and who:

- (a) is an Ordinary Member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant; or
- (b) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of a company secretary of an issuer.

Mr. Dong Wang is not ordinarily resident in Hong Kong and does not possess the specified qualifications required by Rule 8.17(2) of the Listing Rules. Given the important role of a company secretary in our corporate governance, particularly in assisting us as well as our Directors in complying with the Listing Rules and other relevant laws and regulations, we have the following arrangements:

- (a) Mr. Dong Wang will endeavour to attend the relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules

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organised by our Hong Kong legal advisers on invitation basis, and seminars organised by the Hong Kong Stock Exchange for issuers from time to time.

- (b) We have appointed Mr. Wai Fung Ngai, who is ordinarily resident in Hong Kong and meets the requirements under Rule 8.17(2) of the Listing Rules, as our joint company secretary to assist Mr. Dong Wang, so as to enable him to acquire the relevant experience (required under Rule 8.17(3) of the Listing Rules) to discharge the duties and responsibilities as our company secretary.
- (c) Mr. Dong Wang, who is familiar with our corporate affairs, will communicate regularly with Mr. Ngai on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to us, and our other affairs. Mr. Ngai will work closely with, and provide assistance to, Mr. Wang in the discharge of his duties as our joint company secretary, including organising our Board meetings and shareholders' meetings.
- (d) Mr. Dong Wang will be appointed for an initial period of three years from the Listing Date, provided that he will be assisted by Mr. Ngai for the same period. Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Mr. Wang and the need for on-going assistance would be made.

Each of Mr. Wang and Mr. Ngai has provided valid phone numbers and email addresses to the Stock Exchange and will inform the Hong Kong Stock Exchange promptly in the event of any change of means of communications. Furthermore, in order to ensure effective communication between our company secretaries and the Hong Kong Stock Exchange, we have appointed Mr. Thomas H. Quinn and Mr. Kee-Kwan Allen Chan as our authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the our principal communication channel with the Hong Kong Stock Exchange. Each of our authorised representatives will be available to meet with the Hong Kong Stock Exchange within a reasonable time frame upon request by the Hong Kong Stock Exchange and will be readily contactable by telephone or facsimile or email. We have also appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will act as our principal communication channel with the Hong Kong Stock Exchange, in addition to our authorised representatives. The contact persons of our compliance adviser have provided their contact details to the Hong Kong Stock Exchange and will also be fully available to answer queries from the Hong Kong Stock Exchange.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules. Upon the expiry of the initial three years period, the qualifications of Mr. Wang will be re-evaluated to determine whether the requirements as stipulated in Rule 8.17(3) of the Listing Rules can be satisfied. In the event that Mr. Wang has obtained relevant experience under Rule 8.17(3) of the Listing Rules at the end of such initial three years period, the above joint company secretaries arrangement will no longer be required by the Company.