
WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Waiver from strict compliance with Rule 8.12 of the Listing Rules

An application has been submitted to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules which requires a new applicant applying for primary listing on the Main Board to have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Since the business operation and manufacturing facilities of our Group are located in Yixing, Jiangsu Province, the PRC, the senior management team of our Group is and will continue to be based in the PRC. At present, all of our executive Directors and three out of four of our non-executive Directors are not ordinarily resident in Hong Kong. Further, our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint two Hong Kong residents as executive Directors or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. We do not, and do not contemplate in the foreseeable future, that we will have any management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

In this regard, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In this respect, our Company has appointed two authorised representatives and an alternate authorised representative pursuant to Rule 3.05 of the Listing Rules, namely, Dr. Zhang, our executive Director, Mr. Gu Taojun (alternate authorised representative to Dr. Zhang), and Mr. Tam Chi Ming, George, our company secretary, who will act as our principal channel of communication with the Stock Exchange. Mr. Tam Chi Ming, George is ordinarily resident in Hong Kong. Dr. Zhang and Mr. Gu Taojun have both confirmed that they possess valid travel documents and can readily travel to Hong Kong. Each of the proposed authorised representatives (including alternate authorised representative) of our Company has confirmed that each of them will be available to meet with the Stock Exchange in Hong Kong within a reasonable time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail and that each of them has the means to contact all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Each of them is authorised to communicate on behalf of our Company with the Stock Exchange.

All of our Directors who are not ordinarily resident in Hong Kong have also confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period of time when required. Each of our Directors has provided his mobile phone number, office phone number, e-mail address and fax number to the Stock Exchange.

In addition, our Company will retain a compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date. The compliance adviser will act as an additional channel of communication with the Stock Exchange.

Furthermore, our Company shall also appoint other professional advisers (including legal advisers and accountants) after the Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be efficient communication with the Stock Exchange.