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## **WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND CERTIFICATE OF EXEMPTION FROM THE COMPANIES ORDINANCE**

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

### **PROPERTY VALUATION REPORT**

According to the property valuation report as of July 31, 2010 as set out in Appendix IV to this Prospectus, our Group has (a) majority interest in six properties with an aggregate site area of approximately 181,958.49 square meters in the PRC; and (b) leases approximately 85 properties with an aggregate lease area of approximately 14,652.92 square meters in the PRC. Owing to the substantial number of properties involved, we have applied to the SFC for an exemption and the Hong Kong Stock Exchange for a waiver from strict compliance with certain of the valuation report requirements contained in paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance and Rules 5.01 and 5.06 and paragraph 3(a) of Practice Note 16 of the Listing Rules, respectively, on the grounds that, given that is estimated by Savills Valuation and Professional Services Limited that the valuation report would run to over 100 pages of English text if the traditional format were to be adopted, it would be unduly burdensome for the Company to do so. The Company and the Joint Sponsors are of the view that:

- (a) it is not practical and unduly burdensome to the Company to list all of the properties and show their particulars and values individually in this prospectus in the traditional format as required by the Listing Rules and the Companies Ordinance; and
- (b) for a provider of therapeutic tea products such as the Company, to include in this Prospectus details of properties in full compliance with the relevant requirements would be irrelevant to potential investors and would not be material to potential investors' investment decisions.

The waiver has been granted by the Hong Kong Stock Exchange, and the exemption has been granted by the SFC under section 342A of the Hong Kong Companies Ordinance, subject to the following conditions:

- (a) a full property valuation report in English complying with all the requirements of paragraph 34 of the Third Schedule to the Companies Ordinance and Rule 5.06 of the Listing Rules will be made available for inspection in accordance with Appendix VII headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus;
- (b) the valuer's letter and the valuer's certificate containing the English and Chinese summary valuation be included in the English and Chinese versions of this Prospectus, respectively, and such summary to be based on the full property valuation report and be in the same form as that set out in Appendix IV to this prospectus; and
- (c) this prospectus shall set out particulars of this exemption.

The Summary Valuation will divide all the property interests of our Group into four groups, namely: (i) Group I: Properties held for owner-occupation by our Group in the PRC; (ii) Group II: Property held under development by our Group in the PRC; (iii) Group III: Property held for future development by our Group in the PRC; and (iv) Group IV: Properties leased by our Group in the PRC. Under each group, there will be summary valuation certificates describing particulars of occupancy of the properties and their open market value.

### **MANAGEMENT PRESENCE IN HONG KONG**

According to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at

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least two of its executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors ordinarily resides in Hong Kong. Since none of the Company's executive Directors has been, nor will they be, based in Hong Kong and substantially all of the Company's operations and sales are located and generated in the PRC, we do not and, for the foreseeable future, will not have a significant management presence in Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the conditions that among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange.

The Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal communication channel with the Hong Kong Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives are Mr. Zhao Yihong, our executive Director who ordinarily resides in the PRC, and Mr. Au Lap Ming, our company secretary, who ordinarily resides in Hong Kong. Each of the authorized representatives will be available to meet with the Hong Kong Stock Exchange within a reasonable period of notice if required and will be readily contactable by telephone, facsimile and e-mail. Each of the two authorized representatives has been duly authorized to communicate on behalf of the Company with the Hong Kong Stock Exchange.

Each of our authorized representatives has access to our Board and senior management at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters. Each of our Directors (including the independent non-executive Directors), will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Hong Kong Stock Exchange and will be readily contactable, through the authorized representatives, by telephone, facsimile or e-mail, and each of them holds a valid travel document, and will make themselves available in Hong Kong if required to meet with the Hong Kong Stock Exchange at reasonable notice.

Further, we have appointed Shenyn Wanguo Capital (H.K.) Limited as our compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules who will act as the Company's additional communication channel with the Hong Kong Stock Exchange, for the period commencing on the Listing Date and ending on the date on which the Company distribute its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

### **CONNECTED TRANSACTIONS**

Accordingly to Rule 14A.34(1) of the Listing Rules, a continuing connected transaction on normal commercial terms where each or all of the percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules, is/are on an annual basis less than 5% is subject to the reporting and announcement requirements and the requirements for annual review by the Company's independent non-executive directors and auditors set out in Chapter 14A of the Listing Rules. Such continuing connected transaction is not subject to the independent shareholders' approval requirement set out in Chapter 14A of the Listing Rules. We have applied for a waiver from strict compliance with the requirements under Rule 14A.34(1) of the Listing Rules in relation to the non-exempt continuing connected transaction of the Group on the grounds that timely disclosure in full compliance with the Listing Rules would be impracticable.

The Hong Kong Stock Exchange has granted the waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement under the Listing Rules on the condition that the Company will comply with all relevant requirements under Chapter 14A of the Listing Rules with respect to the non-exempt continuing connected transaction of the Group, and in the event of any renewal of, or any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of the

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prospectus on, such continuing connected transaction, the Company will take immediate steps to ensure compliance with such requirements. For further information on the non-exempt continuing connected transaction of the Group, please see the section headed “Relationship with our Controlling Shareholder and Connected Transactions — Non-exempt Continuing Connected Transactions” in this prospectus.