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

MANAGEMENT PRESENCE

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new PRC applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which typically means that at least two of its executive Directors must be ordinarily residing in Hong Kong. Since substantially all of the Company's business operations and management are located in the PRC, there is no business need to appoint executive Directors based in Hong Kong. As all of our executive Directors currently reside in the PRC, the Company does not contemplate in the foreseeable future that it will have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. An application has been made to the Stock Exchange for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 and Rule 19A.15 of the Listing Rules and such waiver has been granted by the Stock Exchange. The arrangements proposed by the Company for maintaining regular and effective communication with the Stock Exchange for the purpose of Rule 8.12 and Rule 19A.15 of the Listing Rules are:

- (i) the Company has one INED who ordinarily resides in Hong Kong;
- (ii) one of our authorized representatives, Ms. Lam Yuen Ling, Eva ordinarily resides in Hong Kong. The Directors who do not ordinarily reside in Hong Kong will be readily contactable through Ms. Lam by telephone, facsimile or email. Ms. Lam Yuen Ling, Eva together with Mr. Zhao Hui, our another authorized representative, will act as the principal channel of communication between the Company and the Stock Exchange. Each of the authorized representatives will be able to meet with the relevant members of the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange by telephone, facsimile and email, if necessary. The Company will be registered as a non-Hong Kong company under the Companies Ordinance. Ms. Lam has also been authorized to accept service of legal process and notices in Hong Kong on behalf of the Company;
- (iii) each of the authorized representatives has the means to contact all members of the Board of Directors (including the executive Directors, the non-executive Directors and the INEDs) and of the senior management promptly at all times as and when the Stock Exchange wishes to contact them for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the Directors, the Company has implemented a policy that (i) each executive Director, non-executive Director and INED has to provide his respective office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the authorized representatives; and (ii) all the executive Directors, non-executive Directors and INEDs and authorized representatives have to provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange;
- (iv) the Company will retain Hong Kong legal advisers to advise on ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Global Offering;
- (v) all Directors who do not ordinarily reside in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

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- (vi) the Company will retain a compliance adviser acceptable to the Stock Exchange to advise on corporate finance matters after listing for the period commencing on the Listing Date and ending on the date on which it complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date pursuant to Rule 3A.19 and Rule 19A.05 of the Listing Rules. The compliance adviser will act as the Company's additional channel of communication with the Stock Exchange; and
- (vii) the compliance adviser shall have access at all times to our authorized representatives, our Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company and will advise on the on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing.

COMPANY SECRETARY

According to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who ordinarily resides in Hong Kong, has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a 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 (ii) an individual who, by virtue of his academic or professional qualifications or relevant experiences, is in the opinion of the Stock Exchange capable of discharging those functions. Rule 19A.16 of the Listing Rules provides that the secretary of a PRC issuer, such as our Company, need not be an ordinary resident in Hong Kong, provided that such person can meet the other requirements of Rule 8.17 of the Listing Rules.

Our Company has appointed Mr. Zhao Hui as one of the joint company secretaries. Mr. Zhao is experienced in administering board and shareholder meetings and handling corporate affairs for JEI, a company listed on Shenzhen Stock Exchange, and has a thorough understanding of the operation of the Board and our Company. However, Mr. Zhao does not possess a qualification as stipulated in Rule 8.17 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 8.17 and Rule 19A.16 of the Listing Rules. As such, our Company has appointed Ms. Lam Yuen Ling, Eva as another joint company secretary who is an associate of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators and is able to fully comply with the requirements set out under Rule 8.17 of the Listing Rules. Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Zhao to become a joint company secretary who possesses all the requisite qualifications as required under the Listing Rules:

- Ms. Lam Yuen Ling, Eva will assist and guide Mr. Zhao in his discharge of duties as a joint company secretary and in gaining the relevant experience as required by the Listing Rules; and
- our Company will ensure Mr. Zhao has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 8.17 and Rule 19A.16 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. Upon the expiry of such three-year period, our Company will re-evaluate the qualifications and experience of Mr. Zhao to consider whether the requirements stipulated in Rule 8.17 and Rule 19A.16 of the Listing Rules can be satisfied.

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CONNECTED TRANSACTIONS

We have entered into, and are expected to continue after the Listing, certain continuing connected transactions, which are subject to the reporting, annual review, announcement and/or independent Shareholders' approval requirements under the Listing Rules upon Listing. We have applied to the Stock Exchange for waivers from strict compliance with the requirements regarding the announcements and/or independent Shareholders' approval in respect of such continuing connected transactions under Chapter 14A of the Listing Rules. The details of such waivers are set out in the section entitled "Connected Transactions — Continuing Connected Transactions — Application for Waiver" in this prospectus.