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

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

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong. Since our principal business operations and production facilities are located in China, members of our senior management are and will therefore be expected to continue to be based in China. At present, Joseph Shing Yee Chan, one of our company secretaries, is ordinarily resident in Hong Kong but none of our executive Directors are ordinarily resident in Hong Kong or based in Hong Kong. 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 appoint 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 appointed are Zhang Lidian and Wu Xiaonan, who are executive Directors of the Company. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by telephone, facsimile or e-mail. Each of the two authorized representatives has been duly authorized to communicate on our behalf with the Stock Exchange;
- (b) We appoint a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will also act as our communication channel with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which we distribute the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules;
- (c) Both of the authorized representatives have means to contact all members of the Board (including the non-executive Directors and 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: (a) each executive Director will provide his or her mobile phone number, residential phone number, fax number and e-mail address to the authorized representatives; (b) each executive Director will provide valid phone numbers or means of communication to the authorized representatives when he or she is traveling; and (c) each executive Director will provide his or her mobile phone number, residential phone number, office phone number, fax number and e-mail address to the Stock Exchange; and
- (d) All executive Directors, non-executive Directors and independent non-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 Stock Exchange within a reasonable period of time, when required.

CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions, which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules after the Listing. Our

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Company has received from the Stock Exchange a waiver from strict compliance with the announcement requirements set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed “Connected Transactions” in this Prospectus.

PRE-IPO SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, this Prospectus is required to include details of the number, description and amount of any of our Shares which a person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given. We have granted options to 181 persons to subscribe for 94,975,662 Shares (post-Capitalization Issue) on the terms set out in the section entitled “F. Pre-IPO Share Option Scheme” in Appendix VI to this Prospectus. Except for those grantees who are Directors and senior management of Group as disclosed in the section headed “F. Pre IPO Share Option Scheme” in Appendix VI to this Prospectus, no grantees under the Pre-IPO Share Option Scheme are connected persons (as defined under the Listing Rules) or senior management of the Group.

Under the Pre-IPO Share Option Scheme, eligible persons include (a) any senior officer of our Company or any member of our Group, including but not limited to any director, (b) any mid-level officer of our Company or any member of our Group, including but not limited to the managers, chief financial officers and vice-head level core management members; and (c) employees who are crucial to production of our Group and make great contribution to development of our Group and who have been working for our Group.

We have applied for: (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10 of Part I of the Third Schedule to the Companies Ordinance on the ground that full compliance with these requirements in respect of those participants of the Pre-IPO Share Option Scheme who are full-time employees of our Group and who are neither Directors, ex-director, senior management of our Group, nor connected persons of our Company (such participants to be collectively referred to as the “Grantees”) would be unduly burdensome for us due to the following reasons:

1. Details of options granted to Directors under the Pre-IPO Share Option Scheme will be disclosed under the section headed “Disclosure of Interest” in Appendix VI to this Prospectus.
2. The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of the Company.
3. The non-compliance of the disclosure requirements set out above will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Company.
4. The disclosure of a summary of the key information in relation to the options granted under the Pre-IPO Share Option Scheme, as described in the section headed “F. Pre-IPO Share Option Scheme” in Appendix VI to the Prospectus should provide potential investors with sufficient information to make an informed assessment of the potential dilution effect on the shareholding and the impact on the earnings per share of the options granted under the Pre-IPO Share Option Scheme.

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5. Options to subscribe for Shares representing (i) approximately 2.71% of the issued share capital of our Company immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon the exercise of any options which have been granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option); or (ii) approximately 2.64% of the issued share capital of our Company immediately after the completion of the Global Offering and the Capitalization Issue and assuming that all options granted under the Pre-IPO Share Option Scheme are exercised at the same time (without taking into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option) were granted to a total of 181 directors, members of the senior management and employees of Our Group. The Directors consider that it would be unduly burdensome to disclose full details of all the options granted by the Company under the Pre-IPO Share Option Scheme in the Prospectus.

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, connected persons of our Group and other employees of our Group who is granted options for 800,000 or more Shares, 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;
 - (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 "Documents Available for Inspection" in Appendix VII to this Prospectus.

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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, connected persons for our Group and other employees of our Group who is granted options for 800,000 or more Shares, 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 “Documents Available for Inspection” in Appendix VII to this Prospectus.

The directors believe that the granting of waiver and exemption by the Stock Exchange and the SFC will not prejudice the interest of public investors. Further details of the Pre-IPO Share Option Scheme and the waiver and exemption are set out in “Appendix VI — Statutory and General Information — F. Pre-IPO Share Option Scheme”.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer’s listed securities to be maintained. This normally means that at least 25% of the issuer’s total issued share capital must at all times be held by the public. However, under Rule 8.08(1)(d) of the Listing Rules, subject to certain criteria, the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK\$10 billion, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage.

We have applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of our Company of 23.42% (assuming that the Over-allotment Option is not exercised or otherwise a higher percentage upon exercise of the Over-allotment Option).

However, assuming that the Over-allotment Option is exercised in full, the Shares that will be in public hands immediately after the Global Offering are expected to represent approximately 25.47% of the enlarged capital of the Company and the minimum public float requirements under the Listing Rules will be satisfied.

In addition, we will confirm sufficiency of public float in our successive annual reports after the Listing in full compliance with Rule 8.08(1)(d) of the Listing Rules.