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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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For the purpose of the Listing, the Company has sought the following waivers from the Listing Division of the Stock Exchange in relation to certain of the requirements of the Listing Rules.

### WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

#### Background

It is required under Rule 8.12 of the Listing Rules that a new listing applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

As disclosed in this prospectus, our business, operation and production are primarily located, managed and conducted in the PRC and, as such, none of our executive Directors are Hong Kong residents nor ordinarily based in Hong Kong. As our executive Directors are, and will continue to be, based in the PRC, our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

In view of our business, management and operations in the PRC, the appointment of additional executive Directors who are ordinarily resident in Hong Kong would increase our administrative expenses and reduce the effectiveness and responsiveness of our Board in making decisions for our Group, particularly when business decisions are required to be made on a timely basis. Furthermore, such additional executive Directors, not being able to be physically present at the place where our daily operations and management take place, may not be able to fully understand the daily operations of our business and management or appreciate the circumstances affecting our business operations and development from time to time. This may adversely affect these Directors' ability to exercise their discretion on a fully informed basis, or to make appropriate business decisions or judgments that are beneficial to the management, operation and development of our Group.

Similarly, if any of the existing PRC-based executive Directors are relocated to Hong Kong for the sole purpose of satisfying the requirement under Rule 8.12 of the Listing Rules, these Directors will no longer be physically present at the place where our daily operations and management take place and may encounter the management difficulties as mentioned above.

For reasons stated above, our Directors consider that appointment of additional executive Directors with ordinary residence in Hong Kong would be practically difficult and commercially infeasible for our Company and may not be in the best interests of our Group and its Shareholders as a whole.

#### Waiver sought

For the purpose of the Listing, an application has been submitted to the Stock Exchange and the Stock Exchange has granted a waiver from strict compliance with Rule 8.12 of the Listing Rules.

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The following arrangements proposed by us for maintaining regular and effective communication with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules are as follows:

- We have appointed two authorised representatives (“**Authorised Representatives**”) pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange, namely Mr. Hu Zheng, our executive Director and Mr. Lau Wang Lap, an ordinarily resident in Hong Kong and our company secretary.
- Each of our Authorised Representatives:
  - is authorised to communicate on our behalf with the Stock Exchange;
  - has provided the Stock Exchange with his contact details, including home and office telephone numbers and where available, facsimile number and email address, and will therefore be readily contactable by the Stock Exchange;
  - with regard to Mr. Hu Zheng who is not ordinarily resident in Hong Kong, is holding valid travel document enabling him to travel to Hong Kong within a reasonable time frame to meet with the Stock Exchange in Hong Kong upon request by the Stock Exchange; and
  - has appointed Mr. Hu Hancheng, our executive Director holding valid travel document enabling him to travel to Hong Kong from time to time, as his alternate whenever he is outside Hong Kong and has provided the Stock Exchange with the contact details of his alternate, including home and office telephone numbers and where available, facsimile number and email address, such that his alternate is readily contactable by the Stock Exchange.
- We will appoint CMBI as our compliance adviser (“**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will, in addition to the Authorised Representatives, act as our additional channel of communication with the Stock Exchange in Hong Kong.
- Our Authorised Representatives and Compliance Adviser have full access to their respective contact details, including home and office telephone numbers and where available, facsimile number and email address, and the contact details of each Director and the alternate of our Authorised Representatives such that any one of them is readily contactable by the other whenever required.
- We have provided the Exchange with our Directors’ contact details, including home and office telephone numbers and where available, facsimile number and email address.
- All our Directors who are not ordinarily residents in Hong Kong hold, or can apply as soon as possible, valid travel documents that will enable them to enter Hong Kong to meet with the Stock Exchange within a reasonable time frame.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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### WAIVER FROM STRICT COMPLIANCE WITH THE ANNOUNCEMENT REQUIREMENT AS APPLICABLE TO CERTAIN OF OUR CONTINUING CONNECTED TRANSACTIONS

Immediately upon the Listing, a number of our business transactions which we have carried on from time to time with certain counterparties will constitute our continuing connected transactions under the Listing Rules when these counterparties become, for the purpose of the Listing Rules, our connected persons immediately upon the Listing.

These transactions are subject to the reporting and announcement requirements as applicable to continuing connected transactions under Chapter 14A of the Listing Rules immediately upon the Listing.

We have pursuant to Rule 14A.42(3) sought a waiver from the Stock Exchange from strict compliance from the announcement requirement in respect of these continuing connected transactions immediately following the Listing and the Exchange had granted us the waiver sought with conditions imposed.

Detailed of these continuing connected transactions and other continuing connected transactions of us as well as the waiver sought and granted and the conditions imposed are set out in the section headed “Connected transactions” of this prospectus.