

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

In accordance with Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Main Board must have a sufficient management presence in Hong Kong, and this normally means that at least two of its executive directors must be ordinarily residents in Hong Kong. The Group's business and operations are primarily located, managed and conducted in the PRC through Jing Yang Golden Shield, the Group's wholly-owned subsidiary in the PRC. Currently, all of the Group's products are sold to its customers based in the PRC and all turnover of the Group is generated from the PRC. The Group maintains an office in Hong Kong for communication with the Stock Exchange. Save for Mr. Kwong Kwan Tong, none of the Directors are Hong Kong residents nor ordinarily based in Hong Kong. Each of the Directors who is not ordinarily resident in Hong Kong is currently holding or can apply for valid travel documents which allow him to travel to Hong Kong for meetings with the Stock Exchange within a reasonable period of time. The Directors do not, and do not contemplate in the foreseeable future, that the Company will have any management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In order to ensure that regular communication is maintained between the Stock Exchange and the Company, the Company has appointed and will continue to maintain two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal channel of communication with the Stock Exchange. The two authorised representatives of the Company are Mr. Chen, the managing director of the Company, and Ms. Cheung Wing Yin Winnie ("Ms. Cheung"), a resident in Hong Kong and the company secretary. In addition, Mr. Wu Shoumin, one of the executive Directors, has been appointed as the alternate to the two authorised representatives.

Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by providing his office phone number, mobile phone number, residential phone number, facsimile or email address to the Stock Exchange. They will be contactable on their mobile phone numbers at all times. Each of the authorised representatives has been authorised to communicate on the Group's behalf with the Stock Exchange. The Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance, and Ms. Cheung has been authorised to accept service of legal process and notices in Hong Kong on behalf of the Company.

Each of the authorised representatives will be provided means to contact all the Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. In order to further enhance the communication among the Stock Exchange, the authorised representatives and the Directors, the Company will implement the following policies:

- each Director will provide his office phone number, mobile phone number, fax number, email address and residential phone number to the authorised representatives and their alternate;

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- in the event that an executive Director expects to travel and be out of office, he will provide the phone number of the place of his accommodation to the authorised representatives and their alternate;
- all the Directors and the authorised representatives will provide their office phone numbers, mobile phone numbers, fax numbers, email addresses and residential phone numbers to the Stock Exchange;
- each of the Directors who is not an ordinarily resident in Hong Kong will maintain or can apply for valid travel documents which will allow him/her to travel to Hong Kong for meetings with the Stock Exchange within a reasonable period of time; and
- if circumstances require, meeting of the Board will be summoned and held in such manners and on short notice as permitted under the Memorandum and Bye-laws to discuss and address any issues which the Stock Exchange is concerned in a timely manner.

The Company will also appoint Guotai Junan Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules which will act as the additional channel of communication with the Stock Exchange for the period commencing from the Listing Date and ending on the date on which the Company 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.

COMPANY SECRETARY

Pursuant to Rule 8.17(2) and (3) of the Listing Rules, the secretary of the Company must be a person who is ordinarily resident in Hong Kong with 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 or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is in the opinion of the Stock Exchange capable of discharging those functions.

Ms. Cheung was appointed as the company secretary in November 2010. She joined the Group in July 2010 since the Group commenced preparation for the Listing and has been working closely with different professional parties and the personnel of the Group. She has gained thorough understanding in the financial management and the operations of the Group. However, she does not possess a qualification required as stipulated in Rule 8.17(2) of the Listing Rules. As such, the Company has appointed Mr. Chan Cho Chak (“Mr. Chan”) to act as joint company secretary to provide assistance to Ms. Cheung so as to enable her to acquire the relevant experience as required under Rule 8.17(3) of the Listing Rules and to duly discharge the functions of a company secretary. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants, and fully complies with the requirements set out under Rule 8.17 of the Listing Rules.

The Company has appointed Mr. Chan as joint company secretary since June 2011. Over a period of three years from the Listing Date, he is available upon request to provide assistance to Ms. Cheung as described above and discharge his duty as a company secretary. Mr. Chan also provides training to Ms. Cheung to enhance and improve her requisite knowledge and familiarity with the requirements under the Listing Rules.

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The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.17 of the Listing Rules in respect of the qualifications of the company secretary requirement for Ms. Cheung for an initial period of three years from the Listing Date. At the end of the three-year period, the Company has to liaise with the Stock Exchange. The Stock Exchange will re-visit the situation in the expectation that the Company should then be able to demonstrate to the satisfaction of the Stock Exchange that Ms. Cheung, having had the benefit of Mr. Chan's assistance for three years, would have acquired the relevant experience within the meaning of Rule 8.17(3) such that a further waiver would not be necessary.