
WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, the Joint Sponsors, on behalf of our Company, have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

I. 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, Ms. So Ka Man, one of our joint company secretaries and an alternate authorised representative of our Company, is ordinarily resident in Hong Kong but none of our executive Directors are ordinarily resident in Hong Kong or based in Hong Kong. The Joint Sponsors have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12.

The Joint Sponsors have received from the Stock Exchange a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) We appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and we will ensure that they comply with the Listing Rules at all times. The two authorised representatives appointed are Mr. Li, an executive Director, and Ms. Hong Fang, an executive Director and one of the joint company secretaries of our Company. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon request and will be readily contactable by telephone, facsimile or e-mail. Each of the two authorised representatives has been duly authorised 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 additional 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 of our Company's financial results for the year ending 31 December 2012 in accordance with Rule 13.46 of the Listing Rules;
- (c) Both the authorised representatives have means to contact all members of the Board (including the non-executive Director 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 authorised representatives; (b) each executive Director will provide valid phone numbers or means of communication to the authorised representatives when he or she is travelling; 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 Director 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.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

II. JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must have a company secretary who is ordinarily resident in Hong Kong and has the requisite knowledge and experience to discharge the functions of company secretary of the issuer and who:

- (a) in the case of an issuer which was already listed on 1 December 1989 held the office of secretary of the issuer on that date;
- (b) is an Ordinary Member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance, Chapter 159 of the Laws of Hong Kong (the “Legal Practitioners Ordinance”) or a professional accountant; or
- (c) is 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.

All of our operations are currently based in PRC and it is expected that, for the foreseeable future, we will not have a sufficient management presence in Hong Kong. As such, it is vitally important that the company secretary of our Company should possess sufficient knowledge and experience to discharge the functions of a company secretary.

We have appointed Ms. Hong Fang and Ms. So Ka Man as the joint company secretaries of our Company. As Ms. So Ka Man is a Chartered Secretary and is an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in United Kingdom and is ordinarily resident in Hong Kong, she is qualified to act as the joint company secretary of our Company. Whilst the Directors consider Ms. Hong Fang is capable of discharging her duty as a joint company secretary of our Company by virtue of her background and experience (as detailed in the section headed “Directors, Senior Management and Employees” of this prospectus), she does not ordinarily reside in Hong Kong, and she is not a member of the Hong Kong Institute of Chartered Secretaries, or a solicitor or barrister as defined in the Legal Practitioners Ordinance, as required under Rule 8.17 of the Listing Rules. Therefore, the Joint Sponsors, on behalf of us, have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules, including the residency requirement, and the following arrangements have been made to satisfy those requirements:

- (i) Ms. So Ka Man, the joint company secretary who meets all the requirements under Rule 8.17 of the Listing Rules, will assist and guide Ms. Hong Fang so that she is able to acquire the relevant knowledge and experience as required under the Listing Rules in order to discharge her functions as a joint company secretary of our Company. We have also appointed Ms. So Ka Man as an alternate authorised representative of our Company;
- (ii) Ms. Hong Fang has been appointed as a joint company secretary and one of the two authorised representatives of our Company for a term commencing from 18 February 2011 and ending on the date which is three years from the Listing Date, a period which should be sufficient for her to acquire the relevant knowledge and experience required by the Stock Exchange;

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

- (iii) We will further ensure that Ms. Hong Fang has access to the relevant training and support to enable her to familiarise herself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Our Company's Hong Kong legal advisers have provided training on the Listing Rules to Ms. Hong Fang. In addition, Ms. Hong Fang will endeavour to familiarise herself with the Listing Rules during the three-year period from the Listing Date;
- (iv) upon expiry of Ms. Hong Fang's initial term of appointment as a joint company secretary of our Company, we will evaluate her experience in order to determine if she has acquired the qualifications required under Rule 8.17 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. Hong Fang's appointment as a joint company secretary of our Company continues to satisfy the requirements under Rule 8.17 of the Listing Rules; and
- (v) We will also appoint a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will act as our additional 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.

We understand that the Stock Exchange may revoke the waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules, including the residency requirement, if Ms. So Ka Man ceases to assist and guide Ms. Hong Fang during the three-year period from the Listing Date.

III. CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions, which would constitute non-exempt continuing connected transactions of our Group under the Listing Rules after the Listing. The Joint Sponsors have received from the Stock Exchange a waiver from strict compliance with the announcement and/or independent shareholders' approval 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" of this prospectus.