

WAIVER FROM COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, all applicants applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. The business and operations of our Group are primarily located, managed and conducted in Wuhan, Hubei Province in China. Substantially all customers of our Group are also located in China. None of our executive Directors is ordinarily based in Hong Kong. We do not and, in the foreseeable future, will not have any management presence in Hong Kong.

Accordingly, we have applied for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and ourselves:

- (a) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company comply with the Listing Rules at all times. The two authorized representatives are Ms. Wang Danli, an executive Director, and Mr. Fung Che Wai Anthony, the company secretary of our Company. Mr. Fung Che Wai Anthony is ordinarily resident in Hong Kong. Each of the authorized 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 telephone, facsimile and email (if applicable). Each of the two authorized representatives is authorized to communicate on our behalf with the Stock Exchange. We have been registered as a non-Hong Kong company under the Companies Ordinance and Mr. Fung Che Wai Anthony has been also authorized to accept service of legal process and notices in Hong Kong on our behalf.
- (b) Each of the authorized representatives has means to contact all members of our Board (including our independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and our Directors, we will implement a policy that (i) each executive Director, non-executive Director and independent non-executive Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorized representatives; (ii) in the event that an executive Director, non-executive Director or independent non-executive Director expects to travel or is out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorized representatives; and (iii) all the executive Directors, non-executive Director, independent non-executive Directors and authorized representatives will provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange.
- (c) In addition, our Directors (including our independent non-executive Directors), who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange within a reasonable period.

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- (d) In compliance with Rule 3A.19 of the Listing Rules, our Company has appointed a compliance adviser to act as the alternate channels of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 in respect of its financial results for the first full financial year commencing after the Listing Date. The contact person of the compliance adviser will be fully available to answer enquiries from the Stock Exchange.

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, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d):

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10.0 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;
- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

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 15% (assuming that the Over-allotment Option is not exercised), or such higher percentage of our Company's share capital as will be held by the public in the event that the whole or part of the Over-allotment Option is exercised.

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.