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

CHAPTER 14A OF THE LISTING RULES

Our Group has entered into and is expected to continue certain transactions which will constitute non-exempt continuing connected transactions for our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between our Group and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, please see “Connected Transactions” in this prospectus.

RULE 8.12 OF THE LISTING RULES

According to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, and this will normally mean that at least two of its executive Directors must be ordinarily resident in Hong Kong.

Since substantially all of our Company’s business operations, sales and management are located in the PRC, there is no business need to appoint executive Directors to be based in Hong Kong. As all of our executive Directors currently reside in the PRC, our Company does not, and does not contemplate in the foreseeable future that it will have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

An application has been made to the Stock Exchange for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 of the Listing Rules and such waiver has been granted by the Stock Exchange.

The arrangements proposed by our Company for maintaining regular and effective communication with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules are (i) our Company has appointed an independent non-executive Director, Mr. Wang Ping, who ordinarily resides in Hong Kong; (ii) one of our Company’s authorized representatives, namely, Ms. Mok Ming Wai (莫明慧) will ordinarily reside in Hong Kong. Each Director who is not ordinarily resident in Hong Kong possesses valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period. The Directors who do not ordinarily reside in Hong Kong will be readily contactable through one of the Directors ordinarily resident in Hong Kong by office telephone and mobile, facsimile or email. The authorized representatives and our Directors will act as the principal channel of communication between our Company and the Stock Exchange. The authorized representatives and our Directors have provided their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary; (iii) our Company will retain legal advisers to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Global Offering; and (iv) our Company will retain a compliance adviser acceptable to the Stock Exchange to advise on corporate finance matters after listing for the period commencing on the Listing Date and ending on the date on which it 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 pursuant to Rule 3A.19 of the Listing Rules.

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RULE 8.17 OF THE LISTING RULES

According to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, has the requisite knowledge and experience to function as a company secretary and is either (i) a member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance 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.

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

Our Company has appointed Mr. Xia Zhuo (夏茁) and Ms. Mok Ming Wai (莫明慧) as the joint company secretaries of our Company. As Ms. Mok Ming Wai is an associate member of Hong Kong Institute of Chartered Secretaries and is ordinarily resident in Hong Kong, she is qualified to act as the joint company secretary of the Company. While the Directors consider Mr. Xia Zhuo is capable of discharging his duty as a joint company secretary of our Company by virtue of his background and experience (as detailed in "Directors, Senior Management and Employees" in this prospectus), he is not a professional accountant, 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 and he is not ordinarily resident in Hong Kong. Therefore, our Company has 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 requirement of an ordinary resident in Hong Kong, and the following arrangements have been made to satisfy those requirements:

- (i) Ms. Mok Ming Wai, the joint company secretary who meets all the requirements under Rule 8.17 of the Listing Rules, will assist and guide Mr. Xia Zhuo so that he 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;
- (ii) Mr. Xia Zhuo has been appointed as a joint company secretary of our Company for a term commencing from February 25, 2011 and ending on the date which is three years from the Listing Date, a period which should be sufficient for him to acquire the relevant knowledge and experience required by the Stock Exchange;
- (iii) our Company will further ensure that Mr. Xia Zhuo has access to the relevant training and support to enable him to familiarize himself 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 Mr. Xia Zhuo; and

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- (iv) upon expiry of Mr. Xia Zhuo's initial term of appointment as one of the joint company secretaries of the Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 8.17 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Xia Zhuo's appointment as a company secretary of our Company continues to satisfy the requirements under Rule 8.17 of the Listing Rules. The waiver will be revoked when Ms. Mok Ming Wai ceases to provide assistance and guidance to Mr. Xia Zhuo or our joint company secretary.