
WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

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 which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

As our Group's principal business and operation are primarily located, managed and conducted in the PRC through our major operating subsidiary, Jiangnan Cable and no business activity is or will be carried out or managed in Hong Kong and majority of our Group's assets are based in the PRC, our executive Directors and our senior management are and will continue to be based in the PRC.

As at the Latest Practicable Date, none of our executive Directors was ordinarily resident in Hong Kong. If two executive Directors who are ordinarily resident in Hong Kong are appointed with a view to complying with the requirements of Rule 8.12 of the Listing Rules, they might not be able to fully understand or familiarise themselves with our business operations, activities and development. This may adversely affect their ability to exercise their discretion on a fully informed basis, or make appropriate business decisions or judgements that are beneficial to our operations and development. It would also be impracticable and unnecessarily burdensome to relocate our executive Directors to Hong Kong. In the circumstances, our Directors consider that it is impracticable and not in the best interests of our Group and our Shareholders as a whole to appoint two executive Directors who are ordinarily resident in Hong Kong or to relocate any of our PRC-based executive Directors to Hong Kong for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules.

Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, our Company has put in place the following measures:

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed two authorised representatives, namely Mr. Chan Man Kiu, the company secretary and the chief financial officer, who is ordinarily resident in Hong Kong, and Ms. Xia Yafang to act as our principal channel of communication with the Stock Exchange, and Mr. Jiang Yongwei and Mr. Rui Yiping act as the alternate of Mr. Chan Man Kiu and Ms. Xia Yafang respectively;
- (b) each of our authorised representatives and alternate authorised representatives will be readily contactable by telephone and facsimile by the Stock Exchange and will make themselves readily available in Hong Kong whenever necessary to deal promptly with enquiries from the Stock Exchange;
- (c) each of our authorised representatives and alternate authorised representatives has means to contact all our Directors and senior management team of our Group promptly at all times as and when the Stock Exchange wishes to contact them for any matter;

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- (d) all our executive Directors, who are not ordinarily residents in Hong Kong, have confirmed that they possess valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;
- (e) each of our executive Directors who is not ordinarily resident in Hong Kong will provide their contact details including telephone, mobile phone and fax numbers and where available, email addresses to our authorised representatives to ensure that they can be contacted at any time;
- (f) to enhance the communication between the Stock Exchange, our authorised representatives and our Directors, our Company will implement a policy that (a) in the event that any Director expects to travel and be out of office, he or she will provide the phone number of the place of his accommodation to the authorised representatives; and (b) all our Directors (including our independent non-executive Directors) will provide their mobile phone numbers, residential phone numbers, office phone numbers and fax numbers to the Stock Exchange;
- (g) our Company would, pursuant to Rule 3A.19 of the Listing Rules retain Daiwa Capital Markets Hong Kong Limited as our Company's compliance adviser ("Compliance Adviser") who will act as the additional channel of communication with the Stock Exchange following the Listing Date until the date on which our 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 ("Engagement Period") pursuant to Rule 3A.19 of the Listing Rules;
- (h) our Company will ensure that during the Engagement Period, our Compliance Adviser has access at all times promptly to our authorised representatives, Directors and other senior officers who will provide to our Compliance Adviser such information and assistance as our Compliance Adviser may reasonably require in connection with the performance of our Compliance Adviser's duties; and
- (i) during the Engagement Period, in the case of resignation by, or termination of, our Compliance Adviser, our Company undertakes to appoint a replacement compliance adviser within three months of the effective date of the resignation or termination (as the case may be) pursuant to Rule 3A.27 of the Listing Rules.