
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located in the PRC, most of the senior management members of our Group are, and are expected to continue to be, based in the PRC. At present, the Board consists of three executive Directors, all of whom ordinarily reside in the PRC. Therefore, for the purpose of our Group's operations, our Directors consider that it is not necessary for our Group to relocate two executive Directors to Hong Kong or to appoint two additional executive Directors who ordinarily reside in Hong Kong. We have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules.

The Stock Exchange has granted a waiver to our Company from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the Company's principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives appointed are Mr. Yang Bin, an executive Director, and Ms. Sun Xin, one of the joint company secretaries. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong upon short notice and will be readily contactable by telephone, facsimile or e-mail. Each of the authorized representatives has been duly authorized to communicate on behalf of the Company with the Stock Exchange;
- (b) we have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules which will also act as the Company's additional communication channel with the Stock Exchange when the authorized representatives are not available;
- (c) the authorized representatives have means to contact all members of the Board (including 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 (i) each Director will provide his or her mobile phone number, residential phone number, facsimile number and e-mail address to the authorized representatives so far as is available; (ii) each Director will provide valid phone numbers or means of communication to the authorized representatives when he or she is travelling; and (iii) each Director will provide his or her mobile phone number, residential phone number, office phone number, facsimile number and e-mail address to the Stock Exchange so far as is available;

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- (d) meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the compliance adviser, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in the authorized representatives or the compliance adviser in accordance with the Listing Rules; and
- (e) all of the Directors who are not ordinary resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

JOINT COMPANY SECRETARIES

According to Rule 8.17 of the Listing Rules, the Company must appoint its company secretary who satisfies Rule 3.28 of the Listing Rules which stipulates that the company secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Our Company has appointed Ms. Sun Xin as one of the joint company secretaries in view of her thorough understanding of the operation and/or business of the Board, our Company and our Group, her professional qualifications as a PRC registered accountant and her law degree from Shanghai International Studies University, her practical experience and familiarity with the Company and the Group as well as her expertise in tax matters and accounting, and extensive experience in corporate governance. Nevertheless, Ms. Sun does not possess the academic or professional qualifications as stipulated under Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 3.28 of the Listing Rules. As such, our Company appointed Mr. Chan Chin Wang, Keith as another joint company secretary who is a solicitor in Hong Kong and therefore fully complies with the requirements set out under Rule 3.28 of the Listing Rules.

Our Company proposes to implement the following measures to assist Ms. Sun in becoming a joint company secretary possessing all the requisite qualifications as required under the Listing Rules during the waiver period: (i) Mr. Chan will provide assistance and guidance to Ms. Sun in her discharge of duties as a joint company secretary and in gaining the relevant experience as required under the Listing Rules; and (ii) our Company will ensure Ms. Sun has access to the relevant training and support to enable Ms. Sun to familiarize herself with the Listing Rules and the duties required for a company secretary of an issuer listed on the Stock Exchange.

Further, our Company will ensure that we will have at least one company secretary who possesses the requirements of a company secretary as stipulated under Rule 3.28 of the Listing Rules at all times.

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We have 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 qualification requirements under Rule 3.28 of the Listing Rules. The waiver is valid for an initial period of one full financial year from the Listing Date. Our Company will liaise with the Stock Exchange and the Stock Exchange will review the situation with the expectation that the Company should then be able to demonstrate to the Stock Exchange's satisfaction that Ms. Sun having the benefit of Mr. Chan's assistance over the waiver period would have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules such that a further waiver will not be necessary.

We understand that in the event that Mr. Chan ceases to provide assistance and guidance to Ms. Sun during the waiver period, the waiver will be revoked with immediate effect.