
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

CONTINUING CONNECTED TRANSACTIONS AND FINANCIAL ASSISTANCE

Some of our subsidiaries have entered into and are expected to continue certain transactions, which will constitute non-exempt financial assistance provided by us for the benefit of a connected person of our Company under the Listing Rules upon the Listing. Our Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements regarding the reporting, announcement and independent Shareholder's approval requirements in respect of such non-exempt financial assistance under Chapter 14A of the Listing Rules. The details of such waiver are set out in the section headed "Connected Transactions" of this prospectus.

The Stock Exchange has granted a waiver from strict compliance with the applicable requirements under the Listing Rules as mentioned above and our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules. Further details of such waiver are set out in "Connected Transactions" of this prospectus.

MANAGEMENT PRESENCE IN HONG KONG

Waiver from strict compliance with Rule 8.12 of the Listing Rules

An application has been submitted to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules which requires a new applicant applying for a primary listing on the Main Board to have a sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Since the principal business operation and manufacturing facilities of the Group are located in Shandong Province of the PRC, the senior management team of our Group is and will continue to be based in the PRC.

At present, all of our executive and non-executive Directors and two out of three of our independent non-executive Directors are not ordinarily resident in Hong Kong. Further, our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint an additional Hong Kong resident as executive Director or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. We do not have, and do not contemplate in the foreseeable future, that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

In this regard, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In this respect, our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, namely, Mr. LIU Dong, our executive Director, and Ms. CHAN Yin Wah, our company secretary, who will act as our principal channel of communication with the Stock Exchange. Ms. CHAN Yin Wah is an ordinarily resident in Hong Kong. For details of her professional qualification, please refer to the section headed "Directors, Senior

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Management and Employees” in this prospectus. Each of the authorized representatives of the Company has confirmed that each of them will be available to meet with the Stock Exchange in Hong Kong within a reasonable time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and electronic means. Each of the authorized representatives will be provided means to contact all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Each of them is authorized to communicate on behalf of our Company with the Stock Exchange.

All of our Directors who are not ordinarily resident in Hong Kong have also 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 in Hong Kong within a reasonable period of time when required. Also, each of the Directors has furnished his mobile phone number, office phone number, e-mail address and fax number to the Stock Exchange should the Stock Exchange wish to contact any of the Directors.

In addition, our Company will retain a compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the Company’s financial results for the first full financial year after the Listing Date and it will act as an additional channel of communication of the Company with the Stock Exchange.

Furthermore, our Company shall also appoint other professional advisers (including legal advisers and accountants) after the Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be efficient communication with the Stock Exchange.