

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

In preparation for the [REDACTED], we have applied to the Stock Exchange for 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, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 and Rule 19A.15 of the Listing Rules.

Our Group's management headquarter, senior management, business operation and assets are primarily based outside Hong Kong, in mainland China. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, [and the Stock Exchange has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange in accordance with paragraph 10 of Chapter 3.10 of the Guide for New Listing Applicants issued by the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorised representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorised representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange. At present, our two authorised representatives are Dr. Wang, the chairman of our Board, an executive Director and the general manager of our Company, and Mr. Yau Tsz Lun (游子麟), one of our joint company secretaries;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including their mobile phone numbers, office phone numbers and e-mail addresses (if available)) to the Stock Exchange and to the authorised representatives. This will ensure that the Stock Exchange and the authorised representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;

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- (d) pursuant to Rule 3A.19 of the Listing Rules, our Company has retained the services of Guotai Junan Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company’s authorised representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties. The Compliance Adviser will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 of the Listing Rules; and
- (e) meetings between the Stock Exchange and the Directors can be arranged through the authorised representatives or the Compliance Adviser, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorised representatives, the Directors and/or the Compliance Adviser in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

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- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company appointed Mr. Wang Jinsen (王勁森) (“**Mr. Wang**”), the board secretary of our Company, and Mr. Yau Tsz Lun (游子麟) (“**Mr. Yau**”), a Manager of Company Secretarial Services of Tricor Services Limited, as joint company secretaries of our Company. For details, see “Directors and Senior Management – Joint Company Secretaries” for their biographies.

Mr. Yau is a member of The Hong Kong Chartered Governance Institute, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

The Company’s principal business activities are outside Hong Kong. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. Wang, who has been an employee of our Company and who has day-to-day knowledge of our Company’s affairs. Mr. Wang has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. Accordingly, while Mr. Wang does not possess the academic or professional qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, we have applied to the Stock Exchange for, and [the Stock Exchange has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Wang may be appointed as a joint company secretary of our Company.

Our Company has applied for, and [the Stock Exchange has granted, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the [REDACTED] on the conditions that]: (i) Mr. Yau is appointed as a joint company secretary to assist Mr. Wang in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Mr. Yau, during the three-year period, ceases to provide assistance to Mr. Wang as a joint company secretary; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. In addition, Mr. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Mr. Wang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Mr. Wang and the need for on-going assistance of Mr. Yau will be further evaluated by our Company. We will liaise with the Stock Exchange before the end of the three year period to enable it to assess whether Mr. Wang, having benefited from the assistance of Mr. Yau for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.