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# WAIVERS FROM COMPLIANCE WITH THE MAIN BOARD LISTING RULES

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## CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain transactions which would constitute non-exempt continuing connected transactions of the Company under the Main Board Listing Rules after the H Shares are listed on the Main Board. The Company has received from the Stock Exchange a waiver from strict compliance with the announcement and/or independent shareholders' approval requirement set out in Chapter 14A of the Main Board Listing Rules for such non-exempt continuing connected transactions. The Company has already obtained a waiver from the Stock Exchange in respect of these transactions under the relevant requirements of GEM Listing Rules upon GEM Listing. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Connected Transactions" in this document.

## MANAGEMENT PRESENCE

Pursuant to Rules 8.12 and 19A.15 of the Main Board Listing Rules, the Company must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. As the principal business operations of the Group are primarily located in the PRC, the senior members of the Group are therefore based in China. As at the Latest Practicable Date, Mr. Keung Siu Fai, the joint company secretary and qualified accountant of the Company, is ordinarily resident in Hong Kong and none of the executive Directors are Hong Kong residents and are based in Hong Kong. The Directors believe that it would be practically difficult and commercially infeasible for the Company to appoint two Hong Kong residents as executive Directors or to relocate the Company's executive Directors who are resident in China to Hong Kong merely for the purpose of complying with Rules 8.12 and 19A.15 of the Main Board Listing Rules.

The Company has received from the Stock Exchange a waiver from compliance with Rules 8.12 and 19A.15 of the Main Board Listing Rules subject to the following conditions:

- (i) the Company has appointed two authorized representatives pursuant to Rule 3.05 of the Main Board Listing Rules who will act as the Company's principal communication channel with the Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives appointed are Mr. Keung Siu Fai, the qualified accountant and one of the joint company secretaries of the Company and Ms. Li Chunyan, an executive Director. Mr. Keung is an ordinarily resident in Hong Kong.
- (ii) each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by mobile or residential telephone, facsimile and email. Each of the two authorized representatives has been duly authorized to communicate on behalf of the Company with the Stock Exchange.

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- (iii) the Company has appointed DBS Asia Capital Limited as compliance adviser pursuant to Rule 3A.19 of the Main Board Listing Rules. The contact details of the compliance adviser will be provided to the Stock Exchange in due course. The compliance adviser will also act as the Company's communication channel with the of the Listing Rules Exchange;
- (iv) both authorized representatives have means to contact all members of the board of Directors (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; and
- (v) all executive Directors and independent non-executive Directors who are not ordinarily resident in Hong Kong have confirmed that either they possess or will be able to apply for 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.

### NON-DISPOSAL OF SHARES

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issues of securities within six months of listing on the Main Board as required by Rule 10.08 of the Main Board Listing Rules and a consequential waiver from strict compliance with the restrictions under Rule 10.07(1)(a) of the Main Board Listing Rules in respect of the disposal of Shares by the controlling shareholder of the Company upon the issue of securities by the Company within six months of listing on the Main Board subject to the following conditions:

- (i) any issue of H Shares (or convertible securities) during the first six months after listing on the Main Board must be either for cash to fund a specific acquisition or as part or full consideration for an acquisition;
- (ii) the acquisition must be for assets or business(es) that will contribute to the growth of the operation of the Group; and
- (iii) Chaoyang Auxillary, the controlling shareholder of the Company, should not cease to be a controlling shareholder of the Company upon the issue of any Shares within six months of the listing on the Main Board.

The Company has applied to the Stock Exchange for waivers from strict compliance with Rules 10.07(1)(a) and 10.08 of the Main Board Listing Rules for the following reasons:

- (i) the Company will not raise any new funds pursuant to the Introduction. Therefore the existing Shareholders would not suffer any dilution of their interests as a result of the Company listing on the Main Board;
- (ii) Chaoyang Auxillary, the controlling shareholder of the Company, has not disposed of any Shares since the GEM Listing and it intends not to dispose of any Shares owned by it within six months from the date on which the H Shares are listed on the Main Board;

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- (iii) apart from applying for a consequential waiver from strict compliance with the restrictions under Rule 10.07(1)(a) of the Listing Rules as a result of the waiver to be granted under Rule 10.08 of the Listing Rules, the Company or its controlling shareholder is not applying for a separate waiver under Rule 10.07(1)(a) of the Listing Rules; and
- (iv) the interests of the Shareholders are protected since any further issue of Shares by the Company would be subject to Shareholders' approval as required under Rule 19A.38 of the Listing Rules, as such, the existing Shareholders' interest in the Company will not be diluted as a result of the proposed Introduction nor the requested waivers.

### QUALIFICATION OF COMPANY SECRETARY

As a company secretary of the Company, Ms. Li Chunyan (“Ms. Li”) does not possess the qualification required under Rules 8.17 and 19A.16 of the Main Board Listing Rules, and therefore she does not meet all the requirements under Rules 8.17 and 19A.16 of the Main Board Listing Rules. The Company has appointed Mr. Keung Siu Fai (“Mr. Keung”), a qualified accountant and an employee of the Company, as a joint company secretary, to assist Ms. Li so as to enable her to acquire the relevant experience (required under Rule 8.17(2) of the Main Board Listing Rules) to discharge the duties of a company secretary. Mr. Keung is engaged by the Company in the above capacity for a minimum period of three years commencing from the GEM Listing Date. During his engagement, Mr. Keung will ensure that he will be available to provide assistance to Ms. Li as described above. In addition, the Company will provide Ms. Li with sufficient training through attending relevant external seminars and/or training courses. Upon expiry of the said three-year period, the ability of Ms. Li to discharge the duties of the company secretary of the Company will be further evaluated by the Stock Exchange in order to determine whether the requirements as stipulated in the Main Board Listing Rules can be satisfied. The Company has already obtained a waiver from the Stock Exchange in respect of qualifications of company secretary under the requirements of the GEM Listing Rules upon the GEM Listing.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.17 and 19A.16 of the Main Board Listing Rules for a period of three years from the GEM Listing Date. Further details of the waiver granted by the Stock Exchange are set out in the paragraph headed “Joint Company Secretaries and Qualified Accountant” in the section headed “Director, supervisors, senior management and staff” in this document.