
WAIVER FROM COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our headquarters is located in Luanchuan, Luoyang, Henan Province, the PRC. We do not, and do not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.12 and Rule 19A.15 of the Listing Rules and the following arrangements have been made for maintaining regular and effective communication with the Stock Exchange.

- (i) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we comply with the Listing Rules at all times. The two authorized representatives are Mr Li Chaochun (an executive Director) and Ms Lo Yee Har Susan (one of our joint company secretaries and an ordinary resident of Hong Kong). Our alternate authorized representative is Ms Ho Siu Pik (who is one of our joint company secretaries and an ordinary resident of Hong Kong). Each of the authorized representatives and the alternate authorized representative holds valid travel documents such that they will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email, and is authorized to communicate on our behalf with the Stock Exchange.
- (ii) We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will have access at all times to our authorized representatives and the alternate authorized representative, our Directors and our other senior management, and will act as our principal channel of communication with the Stock Exchange when our authorized representatives and the alternate authorized representative are not available.
- (iii) All authorized representatives and the alternate authorized representative have means of contacting our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives, the alternate authorized representative and our Directors, we have implemented a policy whereby (a) each Director will have to provide his mobile phone number, residential phone number, facsimile number and email address to the authorized representatives and the alternate authorized representative; (b) in the event that a Director expects to travel and be out of office, he will have to provide the phone number of the place of his accommodation to the authorized representatives; and (c) all Directors will provide their mobile phone numbers, residential phone numbers, facsimile numbers and email addresses to the Stock Exchange.
- (iv) Meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives, alternate authorized representative and compliance advisor.
- (v) We maintain a place of business in Hong Kong.