

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

RULE 8.12 OF THE LISTING RULES

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and normally at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Since the Group's operations are entirely based in the PRC and the Group's central management and headquarters are located in Jinzhou, Liaoning province, the PRC, two executive Directors to be ordinarily resident in Hong Kong would draw upon the Group's key senior management resources which would be detrimental to the Group's business. Mr. HSU You Yuan, an executive Director, and Mr. TONG Wan Sze, the company secretary of the Company, have been appointed as the authorised representatives under Rule 3.05 of the Listing Rules. The authorised representatives act as the primary contact point with the Stock Exchange. As and when the Stock Exchange contacts the authorised representatives for any matters, they have means to contact all members of the Board (including the independent non-executive Directors) immediately at all times. As a result, such internal arrangement can ensure that all members of the Board can be promptly informed of any such matters and can maintain effective communications with the Stock Exchange. Further, the Directors have nominated Mr. CHONG Kin Ngai, the non-executive Director of the Company who is ordinarily resident in Hong Kong, as the alternate authorised representative to facilitate the communications between the Company and the Stock Exchange. These contact persons will have access to the executive Directors and senior management of the Company at all times. They will be readily accessible by telephone, facsimile or email, and, if required, to be able to meet with the Stock Exchange at short notice. In addition, the Directors, including independent non-executive Directors, possess or will apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time if required.

The Company will, in accordance with Rule 3A.19 of the Listing Rules, appoint BNP Paribas to act as its compliance adviser which will have access at all times to the Company's authorised representatives, Directors and other officers of the Company. The compliance adviser will advise on ongoing compliance requirement and other issues arising under the Listing Rules and, with assistance of appropriate professionals, other applicable laws and regulations in Hong Kong after the listing of the Company. All Directors will have access to the Company's authorised representatives at all times and the Company will ensure that they will be kept fully informed of all dealings between it and the Stock Exchange. The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 8.12 of the Listing Rules.

The Company shall promptly inform the Stock Exchange of any changes on its authorised representatives and the mobile telephone numbers, residential telephone numbers, fax numbers and email addresses of the authorised representatives and the Directors.

CHAPTER 14A OF THE LISTING RULES

The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver in relation to certain continuing connected transactions under Chapter 14A of the Listing Rules. For details, please refer to the section headed "Connected Transactions" of this prospectus.

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RULE 4.04(1) OF THE LISTING RULES AND THE COMPANIES ORDINANCE

Under section 342(1) of the Companies Ordinance, the Company is required to state in this prospectus the matters specified in Part I of the Third Schedule to the Companies Ordinance (the "Third Schedule") and set out the reports specified in Part II of the Third Schedule. Under paragraph 27 of Part I of the Third Schedule, this prospectus must set out a statement as to the gross trading income or sales turnover of the Company for the three years preceding the issue of this prospectus. Paragraph 31 of Part II of the Third Schedule requires the inclusion of a report by the auditors of the Company in respect of the profits and losses and assets and liabilities of the Company for the three years immediately preceding the issue of this prospectus.

According to Rule 4.04(1) of the Listing Rules, the Company is required to include in this prospectus an accountants' report covering the consolidated results of the Group for the three financial years immediately preceding the issue of this prospectus.

Appendix I to this prospectus contains the combined results of the Group for the three financial years ended 31 December 2006 and the nine months ended 30 September 2007. As the financial year end of the Company falls on 31 December and this prospectus is issued on 21 January 2008, the combined results of the Group in respect of the financial year ended 31 December 2007 will not be included in the accountants' report set out in appendix I to this prospectus.

In the circumstances, an application was made to the SFC for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 December 2007 in this prospectus on the ground that it would be unduly burdensome for the Company to do so. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance. An application has also been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the ground that it would be unduly burdensome for the Company to do so within a short period of time after 31 December 2007, and such waiver has been granted by the Stock Exchange subject to the condition that the Listing Date is on or about 1 February 2008 and in any event within 3 months after the Company's latest financial year-end on 31 December 2007.

The Directors have confirmed that they have performed sufficient due diligence on the Group to ensure that there has been no material adverse change in the financial and trading positions or prospects of the Group since 30 September 2007, and there has been no event since 30 September 2007 which materially affected the information shown in the accountants' report of the Group set out in appendix I to this prospectus. The Directors consider that the accountants' report of the Group set out in appendix I to this prospectus provides sufficient information that is reasonably necessary for the public to make an informed assessment of the financial position of the Group.