
WAIVERS FROM STRICT COMPLIANCE OF THE LISTING RULES

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our principal business operations are primarily located, managed and conducted in the PRC. All of our Directors and senior management members (except Mr. Ip Wang Hoi, an independent non-executive Director), are based in the PRC as we believe it is more effective and efficient for our executive Directors and senior management to be based in a location where we have significant operations. We therefore do not, and in the foreseeable future will not, have a management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, namely Ms. Shen Genlian, one of our executive Directors and Ms. Mak Po Man Cherie, one of our joint company secretaries. The authorised representatives will act as our principal channel of communication with the Stock Exchange. The authorised 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 the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the authorised representative is authorised to communicate on behalf of our Company with the Stock Exchange;
- (b) each of the authorised representatives will have all necessary means to contact all the Directors promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters. We will implement a policy whereby:
 - (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to these authorised representatives; and

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- (ii) in the event that a Director expects to travel and/or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to these authorised representatives;
- (c) we shall promptly inform the Stock Exchange of any changes on the authorised representatives;
- (d) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address (if applicable) to the Stock Exchange;
- (e) we have appointed CMBC International Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules to act as our additional channel of communication with the Stock Exchange and the representative(s) of the compliance adviser will be available to answer enquiries from the Stock Exchange. The compliance adviser will have access at all times to the authorised representatives, the Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company; and
- (f) all Directors (including the independent non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong prior to the Listing and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 8.17 and 3.28 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Stock Exchange, capable of discharging the functions of the 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 Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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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 roles he or she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance and the Takeovers Code;
- (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 is principally engaged in manufacturing and sales of papermaking felts. Our Directors believe that its company secretary should, apart from being able to meet the professional qualifications or the relevant experience requirements under the Listing Rules, have sufficient knowledge about (a) our Group’s business, operations and corporate culture; and (b) the regulatory requirements in the PRC.

All members of the senior management of our Company who are familiar with the activities of our Company and who have acquired knowledge of the relevant Hong Kong regulatory requirements during the preparation of the Listing application, including Ms. Liu Jiayan, lack the requisite professional qualifications required under Rule 3.28 of the Listing Rules. Our Company has made efforts to search for suitable candidates in the open market since commencement of the listing preparation, but so far has been unable to find a professionally qualified candidate with sufficient understanding of the business and operations of our Group who would be suitable for the position of the company secretary. Accordingly, our Company proposed to appoint Ms. Liu Jiayan and Ms. Mak Po Man Cherie as the joint company secretaries to jointly discharge the duties and responsibilities of the company secretary of our Company with reference to their work experience and qualifications.

For biographical details of Ms. Liu Jiayan, please refer to the section headed “Directors and Senior Management” in this prospectus. Although Ms. Liu Jiayan does not possess the qualifications set out in Rule 3.28 of the Listing Rules, our Company intended to appoint her as one of the joint company secretaries due to her past management experience within our Group and her thorough understanding of the internal administration and business operations of our Group.

Our Company proposed to appoint Ms. Mak Po Man Cherie as one of the joint company secretaries of our Company to assist Ms. Liu Jiayan in discharging the duties of a company secretary of our Company. The term of the appointment of Ms. Mak Po Man Cherie as one of the

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joint company secretaries will be initially three years commencing from the date of the listing of our Company's Shares subject to our Company's discretion to re-appoint. Ms. Mak Po Man Cherie is currently the Vice President of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specialising in corporate services. Ms. Mak Po Man Cherie is qualified to act as our company secretary as required in Rule 3.28 of the Listing Rules. For biographical details of Ms. Mak Po Man Cherie, please refer to the paragraph headed "Directors and Senior Management — Joint company secretaries" in this prospectus.

Based on the above, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 8.17 and 3.28 of the Listing Rules. The following arrangements have been, or will be, put in place to assist Ms. Liu Jiayan to acquire all qualifications and experience as the company secretary of our Company as required under Rule 3.28 of the Listing Rules:

(a) Work Arrangement between the Joint Companies Secretaries

Apart from discharging her functions in her role as one of the joint company secretaries, Ms. Mak Po Man Cherie will assist Ms. Liu Jiayan to enable Ms. Liu Jiayan to acquire the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules. Given Ms. Mak Po Man Cherie's relevant experience as a company secretary, she will be able to explain to both Ms. Liu Jiayan and our Company the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. She will also assist Ms. Liu Jiayan in organising board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Mak Po Man Cherie is expected to work closely with Ms. Liu Jiayan, and will maintain regular contact with Ms. Liu Jiayan and the Directors and senior management of our Company. The waiver will be revoked immediately when Ms. Mak Po Man Cherie, during the three-year period, ceases to provide assistance to Ms. Liu Jiayan.

(b) Training and Access to Legal Advice

In the course of preparing for our Company's proposed Listing on the Stock Exchange, Ms. Liu Jiayan has received a memorandum and has attended a training seminar on the respective obligations of Directors, senior management and our Company under the relevant Hong Kong laws and the Listing Rules, both provided by our Company's Hong Kong legal advisers Loong & Yeung. Our Company will ensure that Ms. Liu Jiayan continues to have access to relevant training and support to familiarise herself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the

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applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, both Ms. Liu Jiayan and Ms. Mak Po Man Cherie will seek advice from our Company's Hong Kong legal and other professional advisors as and when required.

(c) Compliance Adviser

Our Company has appointed CMBC International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, which will act as our Company's additional channel of communication with the Stock Exchange, and provide professional guidance and advice to our Company and its joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

(d) Review of Qualifications and Experience

At the end of the three-year period, our Company will re-evaluate the qualifications and experience of Ms. Liu Jiayan. Upon determination that on-going assistance is no longer necessary, we will demonstrate to the Stock Exchange that Ms. Liu Jiayan, having had the benefit of Ms. Mak Po Man's assistance for three years, would have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules. The Stock Exchange can consider whether a further waiver would not be necessary.

Pursuant to Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) Ms. Liu Jiayan must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 ("**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.