

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, the Company has sought 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 and this will normally mean that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

The principal business operations and manufacturing facilities of the Group are located in the PRC. The senior management team of the Group (other than Mr. Cheung Kai Fung) is and will continue to be based in the PRC. At present, Mr. Cheung Kai Fung, one of the joint company secretaries and the qualified accountant of the Company, is ordinarily resident in Hong Kong, and none of the executive Directors ordinarily resides in Hong Kong. The Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules. Therefore, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Rule 8.12 of the Listing Rules and the following arrangements have been made for maintaining regular and effective communication with the Stock Exchange:

- (i) The Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the Company's principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Wang Dongxing, an executive Director, and Ms. Jiao Jie, one of the joint company secretaries of the Company. Both of them are ordinarily resident in the PRC. They have confirmed that they will be able to meet with the Stock Exchange within a reasonable time frame upon request of the Stock Exchange, if required. They will be readily contactable by telephone, facsimile and email, and are authorised to communicate on behalf of the Company with the Stock Exchange;
- (ii) All authorised representatives have means of contacting the Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matter. To enhance communication between the Stock Exchange, the authorised representatives and the Directors, the Company has implemented a policy whereby (a) each Director will have to provide his/her office phone numbers, mobile phone numbers, residential phone numbers, facsimile numbers and email addresses to the authorised representatives; (b) in the event that a Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives; and (c) all Directors will provide their mobile phone numbers, residential phone numbers, facsimile numbers and email addresses to the Stock Exchange;
- (iii) Mr. Cheung Kai Fung, the other joint company secretary and the qualified accountant of the Company, is ordinarily resident in Hong Kong. He will (a) provide his office phone number, mobile phone number, facsimile number and email address to the Stock Exchange; and (b) have the office phone numbers, mobile phone numbers, residential phone numbers, facsimile numbers and email addresses of all the executive Directors and authorised representatives;

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- (iv) Ms. Wong Wing Yee, Jessie, an independent non-executive Director, is ordinarily resident in Hong Kong. She will (a) provide her mobile phone and facsimile numbers and email address to the Stock Exchange, and (b) have the office phone numbers, mobile phone numbers, residential phone numbers, facsimile numbers and email addresses of all the executive Directors and authorised representatives;
- (v) The Company has, in accordance with Rule 3A.19 of the Listing Rules, also retained BNP Paribas Capital (Asia Pacific) Limited as its compliance adviser, who will have access at all times to the authorised representatives, Directors and other officers of the Company. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing;
- (vi) Meetings between the Stock Exchange and the Directors could be arranged through the authorised representatives or the Company's compliance adviser, or directly with the Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the Company's authorised representatives and compliance adviser; and
- (vii) All of the executive Directors have obtained valid travel documents to visit Hong Kong for business purpose and will be able to meet with the Stock Exchange in Hong Kong upon reasonable notice.

JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must have a company secretary who is ordinarily resident in Hong Kong and has the requisite knowledge and experience to discharge the functions of company secretary of the issuer and who:

- (a) in the case of an issuer which was already listed on 1 December 1989 held the office of secretary of the issuer on that date;
- (b) is an Ordinary Member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant; or
- (c) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging those functions.

Most of the Group's operations are currently based in the PRC and it is expected that, for the foreseeable future, the Group will not have a sufficient management presence in Hong Kong. As such, it is vitally important that the company secretary of the Company should possess sufficient knowledge and experience to discharge the functions of a company secretary. The Company has appointed Mr. Cheung Kai Fung and Ms. Jiao Jie as the joint company secretaries of the Company.

As Mr. Cheung Kai Fung holds the qualifications of a certified public accountant, he is qualified to act as the joint company secretary of the Company. Whilst the Directors consider Ms. Jiao Jie is capable of discharging her duty as a joint company secretary of the Company by virtue of her background and experience (as detailed in the section headed "Directors, Senior Management, Staff and Compliance Adviser" of this prospectus), she is not a

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professional accountant, a member of the Hong Kong Institute of Chartered Secretaries, or a solicitor or barrister as defined in the Legal Practitioners Ordinance, as required under Rule 8.17 of the Listing Rules. Therefore, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules and the following arrangements have been made to satisfy those requirements:

- (i) Mr. Cheung Kai Fung, the joint company secretary who meets all the requirements under Rule 8.17 of the Listing Rules, will assist and guide Ms. Jiao Jie so that she is able to acquire the relevant knowledge and experience as required under the Listing Rules in order to discharge her functions as a joint company secretary of the Company;
- (ii) Ms. Jiao Jie has been appointed as a joint company secretary of the Company for a term commencing from 10 September 2007 and ending on the date which is three years from the Listing Date, a period which should be sufficient for her to acquire the relevant knowledge and experience required by the Stock Exchange;
- (iii) The Company will further ensure that Ms. Jiao Jie has access to the relevant training and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. The Company's Hong Kong legal advisers have provided training on the Listing Rules to Ms. Jiao Jie. In addition, Ms. Jiao Jie will endeavour to familiarize herself with the Listing Rules during the three-year period from the Listing Date; and
- (iv) Upon expiry of Ms. Jiao Jie's initial term of appointment as a joint company secretary of the Company, the Company will evaluate her experience in order to determine if she has acquired the qualifications required under Rule 8.17 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. Jiao Jie's appointment as a joint company secretary of the Company continues to satisfy the requirements under Rule 8.17 of the Listing Rules.

CONNECTED TRANSACTIONS

The Company has entered into certain transactions which would constitute non-exempt continuing connected transactions of the Company under the Listing Rules after the Listing. The Company has applied to the Stock Exchange for a waiver from strict compliance with the announcement and independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions.

Further details of such waivers are set out in the section headed "Connected Transactions" in this prospectus.