
**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

In preparation for Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the relevant sections of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE

Waiver from strict compliance with Rule 8.12 of the Listing Rules

An application has been submitted to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules which requires a new applicant applying for primary listing on the Main Board to have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Since the principal business operation and production facilities of our Group are located in the PRC, our senior management team is and will continue to be based in the PRC. At present, all of the executive Directors are not ordinarily resident in Hong Kong. Further, our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint Hong Kong residents as executive Directors or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. Accordingly, we do not and, in 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.

In this regard, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In this respect, our Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, namely, Ms. Wu Shandan, an executive Director, and Mr. Chan Hon Wan, our company secretary, who will act as our principal channel of communication with the Stock Exchange. Mr. Chan Hon Wan is a Hong Kong permanent resident and Ms. Wu Shandan possesses valid travel documents to visit Hong Kong. Each of the authorised representatives of our Company has confirmed that each of them will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail and that each of them has the means to contact all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Each of them is authorised to communicate on behalf of our Company with the Stock Exchange.

Each of our executive Directors who is not ordinarily resident in Hong Kong has also confirmed that he/she possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period of time when required. Each Director has provided his/her mobile phone number, office phone number, email address and fax number to the authorised representatives and the Stock Exchange.

In addition, our Company has appointed a compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date. The compliance adviser will act as an additional channel of communication with the Stock Exchange.

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Furthermore, our Company shall also appoint other professional advisers (including legal advisers and accountants) after Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be efficient communication with the Stock Exchange.

FINANCIAL INFORMATION INCLUDED IN THIS PROSPECTUS (RULE 4.04(1) OF THE LISTING RULES, AND SECTION 342(1)(B) IN RELATION TO PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE)

Rule 4.04(1) of the Listing Rules provides that the Accountants' Report contained in this prospectus must include, *inter alia*, the consolidated results of our Company and its subsidiaries in respect of each of the three financial years immediately preceding the issue of this prospectus, or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, we are required to include in this prospectus a statement as to, *inter alia*, the gross trading income or sales turnover (as may be appropriate) of our Company during each of the three financial years immediately preceding the issue of this prospectus, including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, we are required to include in this prospectus a report by our auditors, with respect to, *inter alia*, the profits and losses of our Company for each of the three financial years immediately preceding the issue of this prospectus and assets and liabilities as at the date to which our financial statements were prepared.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

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Pursuant to the relevant requirements set forth above, we are required to produce audited accounts for the three years ended 31 December 2019. However, an application was made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver was granted by the Stock Exchange on the conditions that:

- (i) our Company shall be listed on the Stock Exchange on or before 31 March 2020 (i.e. within three months after the end of our Company's latest financial year immediately preceding the issue of this prospectus);
- (ii) our Company obtaining a certificate of exemption from the SFC on strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (iii) this prospectus containing a profit estimate for the year ended 31 December 2019 which complies with Rules 11.17 to 11.19 of the Listing Rules; and
- (iv) a Directors' statement is included in this prospectus that, other than the listing expenses, there is no material adverse change to the financial and trading positions or prospect of our Group with specific reference to the trading results since 1 September 2019 and up to 31 December 2019.

The application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (i) the particulars of the exemption be set forth in this prospectus;
- (ii) this prospectus be issued on or before 26 February 2020; and
- (iii) our Shares be listed on the Stock Exchange on or before 31 March 2020.

The applications to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the following grounds:

1. there would not be sufficient time for our Company and the reporting accountants of our Company (the "**Reporting Accountants**") to finalise the audited financial statements for the year ended 31 December 2019 for inclusion in this prospectus. If the financial information for the year ended 31 December 2019 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial volume of work to prepare, update and finalise the Accountants' Report and this prospectus, and the relevant sections of this prospectus will need to be updated to cover such additional period. This would involve additional time and costs since substantial work is required to be carried out for audit

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purposes. It would be unduly burdensome for the audited results for the year ended 31 December 2019 to be finalised in a short period of time. Our Directors consider that the benefits of such work to the existing and prospective shareholders of our Company may not justify the additional work and expenses involved and the delay of the timetable for Listing, given that there has been no significant change in the financial position and operations of our Group since the expiry of the period reported by the Reporting Accountants;

2. our Directors confirm that all information necessary for the public to make an informed assessment of our Group's activities, assets and liabilities, financial position, management and prospects has been included in this prospectus and that, as such, the waiver to be granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rule 4.04(1) of the Listing Rules and the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, will not prejudice the interests of the investing public. Our Directors and the Sole Sponsor confirm that they have performed sufficient due diligence work on our Group to ensure that, other than the listing expenses, there has been no material adverse change to the financial and trading positions or prospects of our Group since 1 September 2019 (immediately following the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) and up to the date of this prospectus, there has been no event since 1 September 2019 which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus, the profit estimate of our Group for the year ended 31 December 2019 as set out in Appendix III to this prospectus and in the section headed "Financial Information" of this prospectus and other parts of this prospectus;
3. our Company is of the view that the Accountants' Report covering the three years ended 31 December 2018 and the eight months ended 31 August 2019, together with the profit estimate for the year ended 31 December 2019 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) included in this prospectus have already provided potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and our Directors and the Sole Sponsor confirm that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus; and
4. our Company will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the publication of its annual results and annual report. Our Company currently expects to issue its annual results and annual report for the financial year ended 31 December 2019 on or before 31 March 2020 and 30 April 2020, respectively. In this regard, our Directors consider that the shareholders of our Company, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the financial year ended 31 December 2019.