
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Our headquarters and our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where the Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. The Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

- (i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives (the “**Authorized Representatives**”), namely Mr. Fan Zhao (範朝) and Ms. Yip Hoi Lam (葉凱琳), who will act as the Company’s principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (ii) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;
- (iii) we have appointed Red Solar Capital Limited as our compliance adviser (the “**Compliance Adviser**”) upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will serve as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, the Directors and the senior management who will provide such information and assistance as our Compliance Adviser may reasonably request in connection with the performance of its duties as set out in Chapter 3A of the Listing Rules; and
- (iv) we will appoint other professional advisers (including legal adviser in Hong Kong) after the [REDACTED] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

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We will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives and/or the Compliance Adviser in accordance with the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual’s “relevant experience”: (i) length of employment with the issuer and other issuers and the roles he or she played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Codes; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (i) whether the applicant has principal business activities primarily outside Hong Kong; (ii) whether the applicant is able to demonstrate the need to appoint a person who does not have the acceptable qualification nor relevant experience as a company secretary; and (iii) why the directors consider the proposed company secretary to be suitable to act as the issuer’s company secretary.

Further, pursuant to Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the applicant.

Our Group’s principal business operations are in the PRC. We consider that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to our Company’s operations; (ii) nexus to the Board; and (iii) close working relationship with the management of our Company, in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our business and affairs as a company secretary. Our Company has appointed Mr. Fan Zhao (範朝), who also serves as the chief financial officer of the Company, as one of the joint company secretaries due to his extensive experience in board and corporate management matters. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to appoint Mr. Fan who has the relevant experience of the Group’s board and corporate management matters as a joint company secretary.

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Since Mr. Fan presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. Yip Hoi Lam (葉凱琳), a chartered secretary and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Fan for an initial period of three years from the [REDACTED] to enable him to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules. For biographical details of Mr. Fan and Ms. Yip, see “Directors and Senior Management.”

Given Ms. Yip’s professional qualification and experience, she will be able to explain to both Mr. Fan and our Company the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Yip will also assist Mr. Fan in organizing Board meetings and Shareholders’ general meetings as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Yip is expected to work closely with Mr. Fan and will maintain regular contact with Mr. Fan, the Directors and the senior management of the Company. Mr. Fan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. We will further ensure that Mr. Fan will also be assisted by our Compliance Adviser and our legal adviser as to Hong Kong law on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Fan may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (i) Mr. Fan must be assisted by Ms. Yip, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked immediately if and when Ms. Yip ceases to provide such assistance to Mr. Fan as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Fan will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Fan, having benefited from the assistance of Ms. Yip for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTION

We have entered into, and are expected to continue, certain transaction that will constitute a continuing connected transaction of our Company under the Listing Rules upon [REDACTED]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver in relation to certain continuing connected transaction between us and our connected person under Chapter 14A of the Listing Rules. For further details on the continuing connected transaction, see “Continuing Connected Transaction.”