

## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM COMPANIES (WUMP) ORDINANCE**

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In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from Companies (WUMP) Ordinance:

### **MANAGEMENT PRESENCE**

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary [REDACTED] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located in the PRC and will continue to be based in the PRC, our executive Directors are and will continue to be based in the PRC. At present, none of our executive Directors is ordinarily resident in Hong Kong. We have applied to the Stock Exchange for, and have obtained, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Wu Wei (吳偉), our chairman of the Board and an executive Director, and Mr. Mao Chaosheng (毛超聖), a joint company secretary, respectively. Each of the authorized 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 home, office, mobile and other telephone numbers, email address and correspondence address (if the authorized representative is not based at the registered office), facsimile numbers, if available, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorized representatives has been duly authorized to communicate on our behalf with the Stock Exchange. Mr. Wu Wei and Mr. Mao Chaosheng confirmed that he possesses valid travel documents to Hong Kong, and they will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (b) our authorized representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, our Company has implemented a policy whereby (a) each Director will provide his office phone number, mobile phone number, residential phone number, office facsimile number and email address to the authorized representatives; (b) each Director will provide valid phone numbers or means of communication to the authorized representatives when he travels; and (c) all Directors will provide their mobile phone numbers, office phone numbers, email addresses and office fax numbers to the Stock Exchange;
- (c) our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Haitong International Capital Limited as its compliance adviser, who will act as an additional channel of communication with the Stock Exchange. 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 for a period commencing on the [REDACTED] at least until 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 [REDACTED];

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- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our Company's compliance adviser, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorized representatives and compliance adviser; and
- (e) each Director who is not ordinarily resident in Hong Kong has confirmed that he has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period.

### **JOINT COMPANY SECRETARIES**

In accordance with Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary, by virtue of his/her academic or professional qualifications or relevant experience, who is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The academic or professional qualifications that are acceptable to the Stock Exchange are as follows:

- (i) a member of The Hong Kong Institute of Chartered Secretaries;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance, Chapter 159 of the Laws of Hong Kong); or
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance, Chapter 50 of the Laws of Hong Kong).

We have appointed Mr. Mao Chaosheng as one of our joint company secretaries. Mr. Mao Chaosheng joined our Group in August 2004 and has been involved in or responsible for the management of administrative matters and human resources relating to school operation of our Group since he joined our Group. Mr. Mao Chaosheng has a thorough understanding of the business operation, internal administration and corporate culture of our Group. However, Mr. Mao Chaosheng does not satisfy the appointment qualifications strictly set out under Rule 3.28 of the Listing Rules. Therefore, we have appointed Ms. Leung Suet Wing, who satisfies the qualifications under Rule 3.28 of the Listing Rules, to be the other joint company secretary. Ms. Leung Suet Wing will provide assistance to Mr. Mao Chaosheng for an initial period of three years from the [REDACTED] Date to fully satisfy the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

Ms. Leung Suet Wing will work closely with Mr. Mao Chaosheng in the discharge of their duties and responsibilities as our joint company secretaries and will provide assistance to Mr. Mao Chaosheng to acquire the relevant experience set out under Rule 3.28 of the Listing Rules. In addition, Mr. Mao Chaosheng will participate relevant trainings to improve and promote his knowledge and understanding of the Listing Rules as well as other applicable laws and regulations.

We have submitted our application to the Stock Exchange, and the Stock Exchange [has] granted a waiver from strict compliance with Rule 3.28 and Rule 8.17 of the Listing Rules, for an initial period of three years from the [REDACTED], subject to the condition that the Company engages Ms. Leung Suet Wing, who meets the requirements under Rule 3.28, as a joint company secretary and to assist Mr. Mao Chaosheng in the discharging his duties as a company secretary and in gaining the relevant experience as

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required under Rule 3.28 of the Listing Rules. At the expiry of the three-year period, we will make a further evaluation of Mr. Mao Chaosheng's qualifications and experience to determine whether the requirements set out under Rule 3.28 of the Listing Rules are satisfied. We and Ms. Leung Suet Wing would then endeavor to demonstrate to the Stock Exchange's satisfaction that Mr. Mao Chaosheng, having had the benefit of Ms. Leung Suet Wing's assistance for three years, will have acquired the relevant experience under Rule 3.28 of the Listing Rules, so that a further waiver will not be necessary.

### **CONTINUING CONNECTED TRANSACTIONS**

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED].

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see "Connected Transactions — Continuing Connected Transactions" in this document.

### **WAIVER AND EXEMPTION IN RELATION TO THE [REDACTED] SHARE OPTION SCHEME**

The Listing Rules and the Companies (WUMP) Ordinance prescribes certain disclosure requirements in relation to the share options granted by our Company (the "Share Options Disclosure Requirements"):

- (a) Rule 17.02(1)(b) of the Listing Rules requires our Company to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.
- (b) Paragraph 27 of Appendix 1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.
- (c) Section 342(1) of the Companies (WUMP) Ordinance requires all prospectuses to be issued, circulated or distributed in Hong Kong to include, among other information, the matters specified in Part I of the Third Schedule to the Companies (WUMP) Ordinance. Paragraph 10 of Part I of the Third Schedule to the Companies (WUMP) Ordinance requires our Company to set out in this document, among other things, details of the number, description and amount of any shares in or debentures of the Company which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares and debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given.

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Guidance Letter HKEX-GL11-09 issued by the Stock Exchange provides that the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

Pursuant to section 342A of the Companies (WUMP) Ordinance, 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 (WUMP) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest 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.

As of the Latest Practicable Date, our Company plans to grant options under the [REDACTED] Share Option Scheme to 175 grantees, including one Director, to subscribe for an aggregate of [REDACTED] Shares. As of the Latest Practicable Date, no Shares have been issued and our Company expects to issue such Shares on a later date to be determined upon [REDACTED]. The Shares underlying the options to be granted represent [REDACTED] of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming no exercise of the [REDACTED] or any options that may be granted under the [REDACTED] Share Option Scheme or the Share Option Scheme). For further details of our [REDACTED] Share Option Scheme, see the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document.

Our Company has applied to the Stock Exchange and the SFC, respectively, for (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (WUMP) Ordinance exempting the Company from strict compliance with the disclosure requirements under Section 342(1) of and paragraph 10(d) of Part I of the Third Schedule to the Companies (WUMP) Ordinance in relation to the options granted under the [REDACTED] Share Option Scheme, on the ground that strict compliance with the Share Options Disclosure Requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that 175 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the [REDACTED] Share Option Scheme in the document would be costly and unduly burdensome for the Company in light of a significant increase in cost and timing for information compilation, document preparation and printing a substantial number of pages of additional disclosure;
- (b) the grantees under the [REDACTED] Share Option Scheme consist of one Director, and the remaining 174 grantees who are current and former employees of our Company and are not connected persons of our Company;
- (c) the disclosure of the personal details of each grantee, including the number of options to be granted, may require obtaining consent from all the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for the Company to obtain such consents given the number of grantees;

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- (d) given the nature of the business of our Company, it is extremely important for our Company to recruit and retain talents and the success of the Company's long-term development plan will very much depend on the loyalty and contribution of the grantees;
- (e) the **[REDACTED]** Share Option Scheme forms a critical component in the compensation of the employees and our Group, and the information relating to the share options to be granted to the grantees is highly sensitive and confidential to our Group;
- (f) the full disclosure of the details of the grantees (which include their addresses) as well as the share options to be granted to each of them, would provide our Group's competitors with our Group's employees' compensation details and facilitate their soliciting activities which could adversely impact our Group's ability to recruit and retain valuable personnel;
- (g) the full disclosure on the share options to be granted to each of the grantees would also allow the employees of our Group to gain access to each other's compensation, which could negatively affect the employees' morale, give rise to negative internal competition, and lead to an increase in the costs for recruitment and retention;
- (h) the grant and exercise in full of the options under the **[REDACTED]** Share Option Scheme will not cause any material adverse impact in the financial position of our Company;
- (i) non-compliance with the Share Options Disclosure Requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (j) material information relating to the options under the **[REDACTED]** Share Option Scheme will be disclosed in this document, including the total number of Shares subject to the **[REDACTED]** Share Option Scheme, the exercise price per Share, the potential dilution effect on the shareholding and impact on earnings per Share upon full exercise of the options granted under the **[REDACTED]** Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision making process has been included in this document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.



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The Stock Exchange [has] granted to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Part A of Appendix 1 to the Listing Rules with respect to the options granted under the [REDACTED] Share Option Scheme on the condition that:

- (a) on an individual basis, full details of the options to be granted under the [REDACTED] Share Option Scheme to the one Director will be disclosed in the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (WUMP) Ordinance;
- (b) in respect of the options to be granted under the [REDACTED] Share Option Scheme to other grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis: (1) the aggregate number of grantees and number of Shares underlying the options under the [REDACTED] Share Option Scheme; (2) the dates of grant of the options under the [REDACTED] Share Option Scheme; (3) the consideration for the grant of options (if any) under the [REDACTED] Share Option Scheme and (4) the exercise period and exercise price of the options granted under the [REDACTED] Share Option Scheme;
- (c) the aggregate number of Shares underlying the options to be granted under the [REDACTED] Share Option Scheme, the percentage to our Company's total issued share capital represented by such number of Shares and the percentage to our Company's voting rights represented by such number of Shares underlying the options granted pursuant to the [REDACTED] Share Option Scheme will be disclosed in this document;
- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the [REDACTED] Share Option Scheme will be disclosed in the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document;
- (e) a summary of the major terms of the [REDACTED] Share Option Scheme will be disclosed in the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document;
- (f) the particulars of the waiver will be disclosed in this document;
- (g) a full list of all the grantees (including those persons whose details have already been disclosed in this document) who [have been granted] the options under the [REDACTED] Share Option Scheme, containing all the particulars as required under the Share Options Disclosure Requirements, will be made available for public inspection in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection" in Appendix VI to this document;

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- (h) further details of the [REDACTED] Share Option Scheme are set forth in the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document; and
- (i) the grant of certificate of exemption under the Companies (WUMP) Ordinance from the SFC exempting the Company from the disclosure requirements provided in Section 342(1) of and paragraph 10(d) of Part I of the Third Schedule to the Companies (WUMP) Ordinance.

The SFC [has] agreed to grant to our Company the certificate of exemption under section 342A of the Companies (WUMP) Ordinance from strict compliance with the disclosure requirements under Section 342(1) of and paragraph 10(d) of Part I of the Third Schedule to the Companies (WUMP) Ordinance with respect to the options granted under the [REDACTED] Share Option Scheme on condition that:

- (a) on an individual basis, full details of the options under the [REDACTED] Share Option Scheme to be granted the one Director will be disclosed in the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document as required by Section 342(1) of and paragraph 10(d) of Part I of the Third Schedule to the Companies (WUMP) Ordinance;
- (b) in respect of the options to be granted under the [REDACTED] Share Option Scheme to other grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis: (1) the aggregate number of grantees and number of Shares underlying the options under the [REDACTED] Share Option Scheme; (2) the dates of grant of the options under the [REDACTED] Share Option Scheme; (3) the consideration for the grant of the options (if any) under the [REDACTED] ESOP and (4) the exercise period and exercise price of the options granted under the [REDACTED] Share Option Scheme;
- (c) a full list of all the grantees (including those persons whose details have already been disclosed in the document) who [have been granted] the options under the [REDACTED] Share Option Scheme, containing all the particulars as required under the Disclosure Requirements, will be made available for public inspection in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection" in Appendix VI to this document;
- (d) the particulars of the exemption will be disclosed in this document; and
- (e) this document is issued on or before [REDACTED].

Further details of the [REDACTED] Share Option Scheme are set forth in the section headed "Statutory and General Information — F. [REDACTED] Share Option Scheme and Share Option Scheme — 1. [REDACTED] Share Option Scheme" in Appendix V to this document.

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### **WAIVER AND EXEMPTION IN RELATION TO FINANCIAL INFORMATION TO BE INCLUDED IN THIS DOCUMENT**

According to Rule 4.04(1) of the Listing Rules, we are required to include in this document an accountants' report covering the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this document (the "Rule 4.04(1) Requirement").

Further, Section 342(1) of the Companies (WUMP) Ordinance requires all prospectuses to be issued, circulated or distributed in Hong Kong to include, among other information, the matters specified in Part I of the Third Schedule to the Companies (WUMP) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (WUMP) Ordinance. Pursuant to paragraph 27 of the Third Schedule to the Companies (WUMP) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover during each of the three financial years immediately preceding the issue of this document including an explanation of the method used for the computation of such income or turnover and reasonable breakdown between the more important trading activities, and pursuant to paragraph 31 of the same schedule, our Company is required to include in this document a report by its auditors with respect to the profits and losses of our Group in respect of each of the three financial years immediately preceding the issue of this document and assets and liabilities of our Group at the last date to which the financial statements were prepared (the "3rd Schedule Requirements", and collectively with the Rule 4.04(1) Requirement, the "Accounts Requirements").

Guidance Letter HKEX-GL25-11 issued by the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

"where an applicant issues its listing document within two months after the latest year end, a Rule 4.04(1) waiver would be subject to the following conditions:

- (i) the applicant must list on the Stock Exchange within three months after the latest year end;
- (ii) the applicant must obtain a certificate of exemption from the SFC on compliance with the 3rd Schedule Requirements;
- (iii) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the document or the applicant must provide justification why a profit estimate cannot be included in the document; and
- (iv) there must be a directors' statement in the document that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end."

Pursuant to section 342A of the Companies (WUMP) Ordinance, 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 (WUMP) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest 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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Our Company has applied to the Stock Exchange for the waiver from strict compliance with Rule 4.04(1) Requirement and has applied to the SFC for a certificate of exemption from strict compliance with Section 342(1) of the Companies (WUMP) Ordinance in relation to the 3rd Schedule Requirements on the following grounds:

- (a) the Guidance Letter HKEX-GL25-11 is applicable to our Company because the financial year end of our Company is December 31 and based on the current proposed timetable, this document is expected to be issued on or before [REDACTED], which is within two months after December 31, 2018, and the date of [REDACTED] is expected to be on or before [REDACTED], which is within three months after December 31, 2018;
- (b) the Reporting Accountants has prepared the accountants' report of our Group for the three financial years ended December 31, 2017 and the eight months ended August 31, 2018 (the "Accountants' Report"), which has been included in this document;
- (c) strict compliance with Rule 4.04(1) Requirement and Section 342(1) of the Companies (WUMP) Ordinance in relation to the 3rd Schedule Requirements to cover the financial results of the Group for the full financial year ended December 31, 2018 would be unduly burdensome as there would not have been sufficient time for the Reporting Accountants to update and finalise the accountants' report to cover such additional period for inclusion in this document within a short period of time. Our Directors consider that the benefits of such work to the investing public may not justify the additional work and expenses involved and the delay in the [REDACTED] timetable, given that it is expected that there would be no significant change in the financial position of our Group since August 31, 2018;
- (d) our Company is preparing and will include a profit estimate for the financial year ended December 31, 2018 in compliance with Rules 11.17 to 11.19 of the Listing Rules in this document as such the investing public would thus be given some guidance as to the Company's financial performance for the year ended December 31, 2018;
- (e) our Company will include a statement in this document to confirm there would be no material adverse change to the financial and trading positions or prospect of the Group since August 31, 2018 up to the date of issue of this document nor a downward trend in the Company's recent business performance to the extent that it may not meet the minimum profit requirement and that there is no event which would materially affect the information contained in the Accountants' Report and profit estimate of the Group in this document;
- (f) the Company will include a statement in the Document to confirm there would be no material adverse change to the financial and trading positions or prospect of the Group since August 31, 2018 up to the date of issue of this document nor a downward trend in the Company's recent business performance to the extent that it may not meet the minimum profit requirement and that there is no event which would materially affect the information contained in the Accountants' Report and profit estimate of the Group in this document; and

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- (g) the Directors consider that all information which is necessary for the investing public to make an informed assessment of the business activities or financial position of the Group has been included in this document (which will be updated to the date of issue of this document or other relevant date(s) (as the case may be) as and when necessary) and that a waiver from strict compliance with the Rule 4.04(1) Requirement, and a certificate of exemption from strict compliance with the 3rd Schedule Requirements would not prejudice the interests of the investing public; and
- (h) the Company will publish its annual results and annual report for the year ended December 31, 2018 within the time prescribed under Rules 13.49(1) and 13.46(2), respectively, of the Listing Rules.

On [●], the SFC [has] granted us a certificate of exemption from strict compliance with Section 342(1) of the Companies (WUMP) Ordinance in relation to Paragraphs 27 and 31 of the Third Schedule therein on the following conditions:

- (i) the particulars of the exemption be set out in this document; and
- (ii) this document will be issued on or before [REDACTED]; and our Company's Shares will be listed on or before [REDACTED], i.e. three months after the latest financial year-end.

On [●], the Stock Exchange [has] granted us a waiver from strict compliance with Rules 4.04(1) of the Listing Rules on the following conditions:

- (i) we list on the Stock Exchange by [REDACTED]; and
- (ii) we obtain a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance;
- (iii) a profit estimate for the year ended December 31, 2018 in compliance with Rules 11.17 to 11.19 of the Listing Rules to be included in this document; and
- (iv) a Directors' statement in the document that there is no material adverse change to its financial and trading positions or prospects of our Group with specific reference to the trading results from September 1, 2018 to December 31, 2018 to be included in this document.

Our Directors are of the view that, up to the Latest Practicable Date, there has been no material adverse change in our financial and trading positions or prospects since August 31, 2018 and there has been no event since August 31, 2018 that would materially affect the information shown in the Accountants' Report out in Appendix I to this document.

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### **WAIVER IN RELATION TO PUBLIC FLOAT**

Rules 8.08(1)(a) and (b) of the Listing Rules require that there must be an open market in the securities for which [REDACTED] is sought and that a sufficient public float of an issuer's listed securities shall be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which [REDACTED] is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of [REDACTED] must be at least 25% of the issuer's total issued share capital.

However, under Rule 8.08(1)(d) of the Listing Rules, subject to certain criteria, the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in cases where:

- (i) the issuer will have an expected market capitalization at the time of [REDACTED] of over HK\$10 billion;
- (ii) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (iii) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial [REDACTED] document;
- (iv) the issuer will confirm the sufficiency of the public float in successive annual reports after [REDACTED]; and
- (v) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

We expect to achieve a minimum market capitalization of at least HK\$10 billion upon [REDACTED] and we have applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange [has] confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to allow our Company to maintain a lower public float percentage subject to:

- (i) the minimum public float should be higher of (a) [REDACTED], assuming no exercise of the [REDACTED], or (b) such percentage after the exercise of the [REDACTED], up to [REDACTED]; and
- (ii) appropriate disclosure of the lower prescribed percentage of public float and confirmation of sufficiency of public float in our successive annual reports after [REDACTED].

We expect that we will be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the [REDACTED]. We will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float.