

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

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 the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our management, business operations and assets are primarily based outside Hong Kong. The principal management headquarters and senior management of our Group are primarily based in China. Our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and our Shareholders as a whole. 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. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives, namely Mr. SU and Mr. NG Cheuk Ming, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of our authorised representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange;
- (b) we will implement a policy to provide the contact details of each Director (such as mobile phone numbers, office phone numbers, residential phone numbers, email addresses and fax numbers) to each of the authorised representatives, to their alternate representative and to the Stock Exchange. This will ensure that each of the authorised representatives, the alternate representative and the Stock Exchange will have the means to contact all our Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are traveling;
- (c) we will ensure that all our Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;

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- (d) we have retained the services of the Compliance Adviser, in accordance with Rule 3A.19 of the Listing Rules. The Sole Sponsor submits, on behalf of our Company, that the Compliance Adviser will serve as an additional channel of communication with the Stock Exchange in addition to the authorised representatives of our Company. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company’s authorised representatives and Directors who will provide to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties. The Compliance Adviser will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 of the Listing Rules; and
- (e) meetings between the Stock Exchange and our Directors could be arranged through the authorised representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorised 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:

- (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); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In assessing the “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) 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.

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Our Company has appointed Mr. ZHOU Fangchao (“**Mr. ZHOU**”), an executive Director, as a joint company secretary with effect on 22 December 2020. Mr. ZHOU has joined our Group since April 2014 and has extensive experience in the daily business operations and administration of our Group. Since September 2018, Mr. ZHOU has acted as the secretary of the board of directors of Chesir Pearl. Mr. ZHOU is capable of discharging his function as a company secretary of our Company. However, Mr. ZHOU does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to fulfil the requirements of the Listing Rules. Therefore, our Company has also appointed Mr. NG Cheuk Ming (“**Mr. NG**”), an associate member of both The Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, to act jointly with Mr. ZHOU as a joint company secretary of our Company for an initial period of three years from the [REDACTED] to enable Mr. ZHOU to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules for the purpose of complying with the requirements under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, our Company has 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 on the basis of the following:

- (a) The waiver is valid for an initial period of three years from the [REDACTED] and is granted on condition that we engage Mr. NG to assist Mr. ZHOU in discharging his duties as a company secretary and in obtaining the “relevant experience” as required under Rule 3.28 of the Listing Rules.
- (b) Our Company undertakes to re-apply to the Stock Exchange for a waiver from strict compliance with the company secretary qualification requirements under Rules 3.28 and 8.17 of the Listing Rules if Mr. NG ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to act as a joint company secretary of our Company.
- (c) Mr. ZHOU will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will endeavour to attend relevant training courses, including introduction on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules, that may be organised by our Hong Kong legal advisers on an invitation basis and seminars organised by the Stock Exchange (or other recognised course providers in Hong Kong) for listed issuers from time to time.
- (d) Before the expiration of the initial period of three years, the qualifications and experience of Mr. ZHOU will be re-assessed by the Stock Exchange for the purpose of determining whether the requirements under Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for the ongoing assistance of Mr. NG will be required. We will liaise with the Stock Exchange to enable the Stock Exchange to assess whether Mr. ZHOU, having benefited from the assistance of Mr. NG for the preceding three years, has acquired the skills and the knowledge necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

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See “Directors, Senior Management and Employees” in this document for further information on Mr. ZHOU and Mr. NG’s qualifications and experience.

FINANCIAL INFORMATION INCLUDED IN THIS DOCUMENT

The Accountants’ Report contains the audited consolidated results of our Group for the Track Record Period.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this document be included in the Accountants’ Report to this document.

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that we set forth in this document a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this document. Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that we include in this document a report by the auditors with respect to the profit and loss of our Group for each of the three financial years ended immediately preceding the issue of this document and the assets and liabilities of our Group as of the end of each of the three financial years ended immediately preceding the issue of this document.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) 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 (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.

The Accountants’ Report has been prepared and is set forth in Appendix I to this document. Pursuant to the relevant requirements set forth above, our Company is required to produce full years of audited accounts for the three years ended 31 December 2020. 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 [has been granted] by the Stock Exchange on the conditions that:

- (a) this document will be issued on or before [REDACTED] and our Company be [REDACTED] on the Stock Exchange on or before [REDACTED], i.e. within three months after the end of our Company’s latest financial year immediately preceding the issue of this document;

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- (b) this document contains the profit estimate for the year ended 31 December 2020 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) and the statement from our Directors that after performing all reasonable due diligence work which they consider appropriate, up to the Latest Practicable Date, there is no material and adverse change to the financial and trading positions or prospects of our Company, with specific reference to the trading results from 1 October 2020 to 31 December 2020;
- (c) our Company obtains a certificate of exemption from the SFC on strict compliance with section 342(1)(b), paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (d) our Company shall publish its annual results and annual report for the year ended 31 December 2020 no later than 31 March 2021 and 30 April 2021, respectively, in compliance with Rules 13.46(2) and 13.49(1) of the Listing Rules.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II 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(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following conditions:

- (a) the particulars of the exemption be set forth in this document; and
- (b) this document be issued on or before [REDACTED] and our Company be [REDACTED] on the Stock Exchange on or before [REDACTED], i.e. within three months after the end of our Company's latest financial year immediately preceding the issue of this document.

The applications to 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)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the waiver and exemption would not prejudice the interests of the investing public as:

- (a) there would not be sufficient time for our Company and Reporting Accountants to finalise the audited financial statements for the year ended 31 December 2020 for inclusion in this document. If the financial information for the year ended 31 December 2020 were 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 document, and the relevant sections of this document 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

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for audit purposes. It would be unduly burdensome for the audited results for the year ended 31 December 2020 to be finalised within 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 [REDACTED] timetable;

- (b) our Directors confirm that all information necessary for the [REDACTED] to make an informed assessment of our activities, assets and liabilities, financial position, management and prospects has been included in this document and that as such, the waiver 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)(b) in respect of 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 after performing all reasonable due diligence work which they consider appropriate, up to the date of this document, except to the extent disclosed in the paragraphs under “Recent development and no material adverse change” in the section headed “Financial Information” in this document and the [REDACTED] expenses in connection with the [REDACTED], there has been no material adverse change to the financial and trading positions or prospects of our Group since 1 October 2020 (immediately following the date of the latest audited statement of financial position in the Accountants’ Report) up to 31 December 2020 and there has been no event since 1 October 2020 which would materially affect the information shown in the Accountants’ Report, the section headed “Financial Information” in this document and the profit estimate set forth in Appendix III to this document;
- (c) our Directors are of the view that the Accountants’ Report, together with the profit estimate for the year ended 31 December 2020 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) included in this document, have already provided the [REDACTED] 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 [REDACTED] to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects has been included in this document. Therefore, the waiver and exemption would not prejudice the interests of the [REDACTED]; and
- (d) we will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the publication of our annual results and annual report. Our Directors currently expect to issue our annual results and annual report for the year ended 31 December 2020 on or before 31 March 2021 and 30 April 2021, respectively. In this regard, our Directors consider that our Shareholders, the [REDACTED] as well as [REDACTED] of our Company will be kept informed of the financial results of our Group for the year ended 31 December 2020.