

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant for [REDACTED] on the Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant’s 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 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Our Company’s business operations are mostly located in the PRC. Our Company’s Executive Directors are based in the PRC as our Board believes it would be more effective and efficient for its Executive Directors to be based in a location where our Company’s operations are located. Therefore, no Executive Directors will, in the foreseeable future, be ordinarily resident in Hong Kong. Accordingly, pursuant to Rule 19A.15 of the Listing Rules, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted] our Company, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements in line with the conditions set out in Guidance Letter HKEX-GL9-09:

- (i) both of our Company’s authorized representatives, Ms. Wang Lin, an Executive Director of our Company and Ms. Ng Wai Kam (“**Ms. Ng**”), one of our joint company secretaries, will act as our Company’s principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;
- (ii) each of the authorized representatives of our Company has means to contact all Directors (including our Independent Non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;
- (iii) each Director has provided his/her mobile phone number, office phone number, e-mail address and fax numbers to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, he will provide the phone number of the place of his/her accommodation to the authorized representatives;
- (iv) each of the Directors who is not ordinarily residing in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and can meet with the relevant members of the Stock Exchange within a reasonable period of time;
- (v) our Company has, in compliance with Rule 3A.19 of the Listing Rules, appointed Guotai Junan Capital Limited as our compliance adviser (the “**Compliance Adviser**”), who will also act as an additional channel of communication with the Stock Exchange for the period commencing from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED]. Pursuant to Rule 3A.23 of the Listing Rules, we shall ensure that the Compliance Adviser will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide 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 as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange; and

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- (vi) we will also retain legal advisers to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the [REDACTED].

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our Company must appoint a company secretary who possesses the necessary 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 provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or a 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).

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”:

- (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.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong, he/she also needs to have experience relevant to our Company’s operations, nexus to the Board and 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, given that the principal business activities of our Company are primarily outside Hong Kong. It is for the benefit of our Company to appoint a person who has been a member of the senior management for a period of time and is familiar with our Company’s business and affairs as company secretary.

We have appointed Mr. Zhang Ju (“**Mr. Zhang**”) as one of our joint company secretaries. He has been the secretary to our Board and chief financial officer since December 2017, and has a thorough understanding of the operation of our Board and our Company. However, given Mr. Zhang does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a [REDACTED] issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Mr. Zhang, we have appointed Ms. Ng, a Chartered Secretary, a Chartered Governance Professional, an associate of The Hong Kong Chartered Governance Institute (HKCGI) and an associate of The Chartered Governance Institute (CGI), who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Zhang, for a three-year period from the [REDACTED] so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

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We have therefore applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the conditions that: (i) Ms. Ng is appointed as a joint company secretary to assist Mr. Zhang in discharging his functions as a company secretary and in gaining the relevant qualifications or experience as required under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Ng, during the three-year waiver period, ceases to provide assistance to Mr. Zhang as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company. We expect that Mr. Zhang will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the [REDACTED]. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Zhang, having had the benefit of Ms. Ng’s assistance for three years and has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See “Directors, Supervisors and Senior Management” of this document for further information regarding the qualifications and experience of Mr. Zhang and Ms. Ng.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, a new applicant must, after [REDACTED], comply with the announcement, circular and shareholders’ approval requirements (as applicable) for continuing connected transactions entered into by the new applicant or its subsidiaries.

Our Company has conducted, and is expected to continue after the [REDACTED], certain connected transactions with Miracle Automated Engineering Co., Ltd.* (天奇自動化工程股份有限公司) (“MAE”), which will constitute continuing connected transactions of our Company under the Listing Rules upon [REDACTED].

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements under Chapter 14A of the Listing Rules. See “Connected Transactions.”

PUBLIC FLOAT

Rule 8.08(1)(b) of the Listing Rules requires that there shall be an open market for the securities for which [REDACTED] is sought, and it normally means that, 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, the class of securities for which [REDACTED] is sought must not be less than 15% of the issuer’s total issued share capital, and must have an expected market capitalization at the time of [REDACTED] of not less than HK\$125,000,000.

However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if a new applicant meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer shall have an expected market capitalization at the time of [REDACTED] of over HK\$10 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial [REDACTED] document;
- (d) the issuer will confirm the sufficiency of the public float in annual reports after [REDACTED]; and
- (e) 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.

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It is currently expected that our Company will have a market capitalization of over HK\$[REDACTED] at the time of the [REDACTED] (after completion of the [REDACTED] but without taking into account the exercise of the [REDACTED]). Our Company has applied to the Stock Exchange for the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.08(1)(b) of the Listing Rules. Therefore, the public float of our Company may fall below 25% of the total issued share capital of our Company.

In support of the application, our Company confirmed to the Stock Exchange that:

- (a) the minimum public float will be the higher of: (1) 15% of the total issued share capital of the Company; or (2) such percentage of H Shares to be held by the public immediately after the completion of the [REDACTED] and the exercise of the [REDACTED] (if any);
- (b) our Company will have an expected market capitalization at the time of [REDACTED] of over HK\$[REDACTED];
- (c) the Company will make appropriate disclosure of the lower percentage of public float in this document;
- (d) our Company will confirm sufficiency of public float in our Company’s annual reports after the [REDACTED];
- (e) our Company will as soon as practicable announce the percentage of H Shares held by the public immediately after completion of the [REDACTED] (but before the exercise of the [REDACTED]), such that the public will be informed of the minimum public float requirement applicable to the Company;
- (f) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange;
- (g) our Company will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules; and
- (h) our Company will comply with Rule 8.08 of the Listing Rules to ensure that there is an open market for our Company’s H Shares.