

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

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

**MANAGEMENT PRESENCE IN HONG KONG**

Pursuant to Rule 8.12 of the Listing Rules, a new applicant applying for a primary [REDACTED] on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong. We do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules for the following reasons:

- (a) our core business operations are principally located, managed and conducted in the PRC and substantially all of the assets of our Group, including our head office, is situated in Laixi, Qingdao, Shandong Province. Our executive Directors and members of the senior management of our Group are and will be expected to principally reside in the PRC;
- (b) it would be practically difficult and commercially unnecessary for us to relocate our executive Directors to Hong Kong or appoint additional executive Directors who are ordinarily resident in Hong Kong. The appointment of new executive Directors, who may not be familiar with the operations of our Group, to our Board for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules may not be in the best interest of our Group and our Shareholders as a whole. In particular, they will not be able to fully understand the daily operations of our core business or fully appreciate the circumstances surrounding or affecting our core business operations and development from time to time, as they will not be physically present in our operation and management base in the PRC all the time. As such, such new executive Directors (if appointed) may not be able to exercise their discretion on a fully informed basis, or make appropriate business decisions or judgements that are most beneficial to our operations and development; and
- (c) each of our existing executive Directors has a vital role in our business and operations and it is of paramount importance for them to remain to be physically close to our operations in the PRC. Relocating any of our existing PRC-based executive Directors to Hong Kong would require time to process the application for residency in Hong Kong and such application will be burdensome and costly for our Company and may not enable the relevant executive Directors to perform their strategic roles in our Group. Since such executive Directors, after the relocation, will not be physically present at our operation and management base in the PRC all the time, they may encounter the aforesaid management difficulties.

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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 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by implementing the following arrangements:

- (a) We have appointed and will continue to maintain two authorised representatives, namely Mr. Zhang, the chairman of our Board and an executive Director, and Mr. Au Yeung Ming Yin Gordon, our company secretary, who is ordinarily resident in Hong Kong, to serve as our authorised representatives. Each of our authorised representatives will act as our principal channel of communication at all time with the Stock Exchange, and will be readily contactable by the Stock Exchange via phone, facsimile and/or email to deal promptly with enquiries in relation to our Company from the Stock Exchange in short notice. Each of our authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange.
- (b) Our Company will keep the Stock Exchange updated in respect of any change to the contact details of our authorised representatives. Our Company will only change the authorised representatives after notifying the Stock Exchange of such change and the reasons and having made an appropriate replacement.
- (c) Each of our authorised representatives has means for contacting all of our Directors (including our independent non-executive Directors) promptly at all times and when the Stock Exchange wishes to contact our Directors (including our independent non-executive Directors) on any matters. All of our Directors (including our independent non-executive Directors) who are not ordinarily resident in Hong Kong possess or will be able to apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period when required. To facilitate communication with the Stock Exchange, our Directors (including our independent non-executive Directors) will provide to the Stock Exchange and our authorised representatives their respective mobile phone numbers, office phone numbers, fax numbers and email addresses. In the event that any Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to our authorised representatives.
- (d) We have appointed Grande Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. Our compliance adviser will, among other things and together with our authorised representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [REDACTED]. Our

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compliance adviser will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when our authorised representatives are not available.

- (e) Meetings between the Stock Exchange and our Directors can be arranged through our authorised representatives or our compliance adviser, or directly with our Directors within a reasonable time. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in our authorised representatives and/or our compliance adviser in accordance with the Listing Rules.

**WAIVER AND EXEMPTION IN RESPECT OF FINANCIAL STATEMENTS IN THIS DOCUMENT**

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report as set out in Appendix I to this document must include the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all documentes 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 (the "**Paragraph 27**") to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group for 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 a reasonable breakdown between the more important trading activities (the "**Paragraph 27 Requirement**").

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Paragraph 31**"), our Company is required to include in this document a report by the auditors of our Company in respect of the profits and losses and assets and liabilities of our Group for each of the three financial years immediately preceding the issue of this document (the "**Paragraph 31 Requirement**", together with the Paragraph 27 Requirement, the "**Third Schedule Requirements**").

Pursuant to section 342A 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.

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The Accountants’ Report for FY2020, FY2021, FY2022 and 9M2023 is set out in Appendix I to this document but does not include the consolidated results of our Group in respect of the full year immediately preceding the proposed date of the [REDACTED], being the full financial year ended 31 December 2023. However, strict compliance with 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 Rule 4.04(1) of the Listing Rules would be unduly burdensome and the exemption would not prejudice the interest of the investing public given the following reasons:

- (a) our Directors and the Sole Sponsor have confirmed that, after performing sufficient due diligence on our Group, up to the date of this document, there had been no material adverse change in our Group’s financial and trading positions or prospects since 30 September 2023 and there is no event since 30 September 2023 which would materially affect the information shown in the Accountants’ Report as set out in Appendix I to this document. Our Company is of the view that the information contained in the Accountants’ Report of our Group as set out in Appendix I to this document, the unaudited [REDACTED] financial information as set out in Appendix II to the Document and the profit estimate for the financial year ended 31 December 2023 as set out in Appendix III to this document already provided potential investors with all information that is reasonably necessary for them to make an informed assessment of the activities or financial and trading position or prospects of our Group, and an exemption from compliance with the relevant requirements would not prejudice the interests of the investing public;
- (b) the Reporting Accountants would not have sufficient time to complete and finalise the audit of the combined financial statements of our Group for the financial year ended 31 December 2023 for inclusion in the document to be issued on or before [REDACTED];
- (c) the additional audit work to be done by the Reporting Accountants would not only involve additional costs and expenses but also require substantial volume of work to be carried out within a short period of time for audit purpose;
- (d) our Directors consider that the benefits of such additional work to be done by the Reporting Accountants to the existing and prospective Shareholders may not justify the additional work, costs and expenses that would be involved and the significant delay of the [REDACTED] timetable, given that there had been no significant change in the financial and trading position or prospects of our Group since 30 September 2023, and our Company includes in this document the profit estimate for the latest financial year (i.e. the year ended 31 December 2023) which shall comply with Rules 11.17 to 11.19 of the Listing Rules (the “**Profit Estimate**”); and
- (e) our Company will issue its (i) annual results for the financial year ended 31 December 2023 by the end of March 2024 in accordance with Rule 13.49 of the Listing Rules, which will include the preliminary financial results of our Group

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for the year ended 31 December 2023, and (ii) annual report for the financial year ended 31 December 2023 by the end of April 2024 in accordance with Rule 13.46 of the Listing Rules, which will include the audited financial information of our Group for the year ended 31 December 2023.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 4.04(1) of the Listing Rules, subject to the conditions that:

- (a) our Company includes in this document the Profit Estimate;
- (b) this document will be issued on or before [REDACTED] and the commencement of the [REDACTED] of our Shares on the Main board of the Stock Exchange will be on or before 31 March 2024, which is prior to the expiry of three months after the latest financial year end;
- (c) our Company obtains a certificate of exemption from the SFC on strict compliance with the Third Schedule Requirements; and
- (d) our Company includes in this document a Directors' statement that, after performing all due diligence work which they consider appropriate, there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from 1 October 2023 to 31 December 2023.

We have also applied to the SFC for, and the SFC [has granted] to us, a certificate of exemption under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the Third Schedule Requirements on the ground that strict compliance with the Third Schedule Requirements would be unduly burdensome for our Company, and given that all information that is reasonably necessary for potential investing public to make an informed assessment of the activities or financial position of our Group has already been included in this document, such exemption would not prejudice the interests of the investing public, subject to the conditions that:

- (a) the disclosure of particulars of the exemption in this document;
- (b) the issuance of this document on or before [REDACTED]; and
- (c) our Shares will be [REDACTED] on the Stock Exchange on or before [REDACTED], i.e. three months after the latest financial year end.