

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

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 FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM 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

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)(b) 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 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.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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.

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 year ended 31 December 2023. However, strict compliance with section 342(1)(b) in relation to 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) there would not be sufficient time for our Group and the Reporting Accountants to finalise the audited financial statements for the full year ended 31 December 2023 for inclusion in this document, which shall be issued on or before [REDACTED]. If the financial information is required to be audited up to the full year ended 31 December 2023, our Company and the Reporting Accountants would have to undertake a substantial amount 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, which will lead to a delay in the [REDACTED] timetable;
- (b) our Company has included in this document (a) the Accountants' Report covering FY2020, FY2021, FY2022 and 9M2023; (b) the unaudited preliminary financial information of our Group for the full year ended 31 December 2023 as set out in Appendix III to this document, which has been agreed with our Reporting Accountants, following their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and a commentary on the results for the year as set out in Appendix III to this document, and such disclosure is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules; and (c) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the Latest Practicable Date. As such, our Company and the Sole Sponsor are of the view that information included in this document have already provided potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Group. Our Directors and the Sole Sponsor confirm that all information that is necessary for the potential investors to make an informed assessment of the activities, assets and liabilities, financial position, management and profitability of our Company has been included in this document. Our Directors believe that a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and the exemption from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not prejudice the interests of the investing public;

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- (c) our Directors and the Sole Sponsor confirmed that, after performing sufficient due diligence work up to the date of this document, there has been no material adverse change in our financial and trading positions or prospects since 30 September 2023 and there has been no event since 30 September 2023 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document, the unaudited [REDACTED] information, the unaudited preliminary financial information of our Group for the full year ended 31 December 2023 as included in Appendix III to this document and the section headed “Financial Information” in this document and other parts of this document; and
- (d) our Company will comply with the requirements under Rules 13.46(2) of the Listing Rules in respect of the publication of its annual report. Our Company currently expects to issue its annual report for the full year ended 31 December 2023 on or before 30 April 2024. In this regard, our Directors consider that our Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the full year ended 31 December 2023.

In such circumstances, an application has been made to the Stock Exchange for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, on the conditions that:

- (a) this document will be issued on or before [REDACTED] and our Shares will be [REDACTED] on the Stock Exchange on or before 31 March 2024, i.e. within three months after the latest financial year end;
- (b) our Company will obtain a certificate of exemption from the SFC on compliance with the requirements under section 342(1)(b) in relation to 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
- (c) this document will include the preliminary unaudited financial information for the full year ended 31 December 2023 and a commentary on the results for the year. The financial information to be included in this document must (a) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules; and (b) be agreed with the Reporting Accountants following their review under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants.

Our Company confirms that we will not be in breach of our constitutional documents or laws and regulations of the Cayman Islands, where our Company is incorporated, or other regulatory requirements regarding our obligation to publish preliminary results announcements.

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An application has also been made to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) in relation to 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 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) the particulars of the exemption are set out in this document;
- (b) this document will be issued on or before **[REDACTED]**; and
- (c) the Shares will be **[REDACTED]** on the Stock Exchange on or before 31 March 2024 (i.e. three months after the latest financial year end of our Company).