

**SECTION A1  
WAIVERS AND EXEMPTIONS**

In preparation for the Listing, our Company has sought the following waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules, the SFO and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and have applied for a ruling under the Takeovers Code. Unless the context requires otherwise, capitalized terms used herein shall have the meanings given to them in the prospectus of the Company (the “**Prospectus**”) dated November 18, 2022 and references to sections of the Prospectus shall be construed accordingly.

<b>Rules</b>	<b>Subject matter</b>
Rule 2.07A of the Hong Kong Listing Rules	Printed Corporate Communications
Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure Requirements Relating to the Accountants’ Report
Rules 4.10, 4.11, 19C.10D and 19C.23 of the Hong Kong Listing Rules	Adoption of U.S. GAAP
Appendix 3 to the Hong Kong Listing Rules	Requirements Relating to the Articles of Association of our Company
Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in Shares prior to Listing
Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by Existing Shareholders
Rule 13.25B of the Hong Kong Listing Rules	Monthly Return
Paragraphs 13 and 26 of Appendix 1A to the Hong Kong Listing Rules and Paragraphs 11, 14 and 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Particulars of any Commissions, Discounts and Brokerages, Alterations of Capital and Authorized Debentures
Paragraph 28(1)(b)(i), (ii) and (v) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements in respect of Suppliers
Paragraphs 28(1)(b)(iii), (iv) and (v) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements in respect of Customers
Paragraph 27 of Appendix 1A of the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure Requirements of Options
Paragraph 29(1) of Appendix 1A to the Hong Kong Listing Rules and Paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure of Information on Subsidiaries Whose Profits or Assets Make Immaterial Contributions to the Company
Paragraphs 33(2), 33(3), 46(2), 46(3) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments Were the Highest

<b>Rules</b>	<b>Subject matter</b>
Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules	Three-year Restriction on Spin-offs
Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules	Disclosure of Offer Price
Section 4.1 of the Introduction to the Takeovers Codes	Not a public company in Hong Kong under the Takeovers Code
Part XV of the SFO	Disclosure of interests under Part XV of the SFO
Paragraphs 41(4) and 45 of Appendix 1A to and Practice Note 5 of the Hong Kong Listing Rules	Disclosure of Interests Information

## **PRINTED CORPORATE COMMUNICATIONS**

Rule 2.07A of the Hong Kong Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that either the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in a general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and certain conditions are satisfied.

Our Company's ADSs have been listed on the Nasdaq Global Market since December 14, 2018 and the Nasdaq Global Select Market since November 19, 2020. Our Company has a diverse shareholder base with ADS holders globally.

Our Company does not currently produce or send out any corporate communications to its shareholders or holders of ADSs in printed form unless requested or in limited circumstances. Our Company publicly files or furnishes various corporate communications with the SEC which are posted on the SEC's website. Our Company's annual reports on Form 20-F and current reports on Form 6-K are also available free of charge on its website as soon as reasonably practicable after they are filed with or furnished to the SEC. Further, our Company will post its proxy materials and notices to its shareholders and holders of ADSs on a publicly accessible website. Those documents will also be available on our Company's website.

Apart from the Hong Kong Offer Shares that our Company will offer for subscription by the public in Hong Kong, the International Offer Shares will be placed to professional, institutional, corporate and other investors in Hong Kong and elsewhere in the world. Given our Company's diverse shareholder base and the potential number of countries in which its shareholders are located, our Company considers that it would not be practicable for our Company to send printed copies of all its corporate communications to all of its shareholders. Further, our Company considers that it would also not be practicable for our Company to approach its existing shareholders individually to seek confirmation from them of their wish to receive corporate communications in electronic form, or to provide them with the right to request corporate communications in printed form instead.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 2.07A of the Hong Kong Listing Rules on the conditions that our Company will:

- (a) issue all future corporate communications as required by the Hong Kong Listing Rules on its own website in English and Chinese, and on the Hong Kong Stock Exchange's website in English and Chinese;
- (b) provide printed copies of proxy materials in English and Chinese to its shareholders at no costs upon request; and
- (c) ensure that the "Investor Relations" page of its website (<http://ir.360shuke.com>) will direct investors to all of its future filings with the Hong Kong Stock Exchange.

### **DISCLOSURE REQUIREMENTS RELATING TO THE ACCOUNTANTS' REPORT**

Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance set out certain historical financial information to be included in a listing document that is not required to be disclosed under U.S. GAAP, including in particular:

- (a) balance sheet at a company level;
- (b) aging analysis of accounts receivables;
- (c) aging analysis of accounts payables; and
- (d) adjustments made to show profits of all periods in accordance with the relevant accounting standards in relation to the last fiscal year reported on.

In accordance with U.S. GAAP, our Company has applied the modified retrospective method to account for the impact of the adoption of certain new accounting standards in the Track Record Period. Under the modified retrospective method adopted by our Group, comparative periods in the latest consolidated financial statements are not retrospectively adjusted.

During the Track Record Period, our Company adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Update 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", or ASC 326, and "Accounting Standards Update 2016-02 "Leases" (Topic 842)", including certain transitional guidance and subsequent amendments, or ASC 842. The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the "Accountants' Report" in Appendix IA to the Prospectus. For details of the impact of the adoption of ASC 326 and ASC 842, please refer to disclosure in accounting policies for "Allowance for credit losses", "Guarantee liabilities" (in relation to ASC 326) and "Operating Leases" (in relation to ASC 842) in the "Accountants' Report" in Appendix IA to the Prospectus.

The Prospectus includes the following alternative disclosures:

- (a) for certain new accounting standards that came into effect during the Track Record Period, the accounting policies as well as the impact of adoption, if any, to the beginning accumulated deficit of initial application (i.e. January 1, 2019, 2020 and 2021) has been disclosed in the “Accountants’ Report” in Appendix IA to the Prospectus in accordance with the relevant requirements under U.S. GAAP; and
- (b) disclosure of the relevant accounting policies adopted for the Track Record Period in the “Accountants’ Report” in Appendix IA to the Prospectus.

As the Prospectus has included the above alternative disclosures and the current disclosure in the Prospectus contains all information which is necessary for the investors to make an informed assessment of the business, asset and liability, financial position, trading position, management and prospect of the Group, our Company believes that it would be of no material value to the Hong Kong investors and be unduly burdensome for the Accountants’ Report in Appendix IA to this prospectus to include certain required information pursuant to Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in the Prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules, to the extent not strictly met by the current disclosure in the Prospectus. Further, our Company has applied for, and the SFC has granted, an exemption from strict compliance with the requirements under Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in the Prospectus. The SFC has granted the abovementioned exemption on the conditions that: (i) the particulars of such exemption are set out in the Prospectus; and (ii) the Prospectus will be issued on or before Friday, November 18, 2022.

## **ADOPTION OF U.S. GAAP**

Rules 4.10 and 4.11 of the Hong Kong Listing Rules require our Company to prepare its financial statements in the prospectus and the subsequent financial reports issued after listing to be in conformity with: (a) Hong Kong Financial Reporting Standards (“**HKFRS**”); or (b) International Financial Reporting Standards (“**IFRS**”).

Rule 19C.10D of the Hong Kong Listing Rules provides that accountants’ reports are required to conform with financial reporting standards acceptable to the Hong Kong Stock Exchange, which are normally HKFRS or IFRS. Where the Hong Kong Stock Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the Hong Kong Stock Exchange may, having regard to the exchange on which the overseas issuer has its primary listing, require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

In Guidance Letter HKEX-GL111-22 (“GL111-22”), the Hong Kong Stock Exchange has indicated that it has accepted that the financial statements and accountants’ reports of overseas issuers with, or seeking, a dual-primary or secondary listing in the United States and on the Hong Kong Stock Exchange can be prepared in conformity with U.S. GAAP. GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants’ reports and annual/interim/quarterly reports.

In Note 5 to Rule 19C.10D of the Hong Kong Listing Rules and paragraph 35 of GL111-22, it provides that, for U.S.-listed secondary listing applicants, the requirement for the preparation of a reconciliation statement in respect of the accountants’ report prepared under US GAAP in a listing document applies to listing applications submitted on or after January 1, 2023.

As a company listed on the Nasdaq while seeking for the secondary listing on the Hong Kong Stock Exchange, our Company uses U.S. GAAP, and corresponding audit standards for the filing of our financial statements with the SEC as determined by the United States Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, and significant progress has been made in the convergence between U.S. GAAP and IFRS. Additionally, we note that it might lead to confusion among our investors and shareholders if we were required to adopt different accounting standards for our Company’s disclosures in Hong Kong from those in the U.S. Aligning the accounting standards used for disclosures in both markets will alleviate any such confusion.

Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 4.10, 4.11, 19C.10D and 19C.23 of the Hong Kong Listing Rules to allow the financial statements and accountants’ report in the Prospectus to be prepared based on U.S. GAAP, subject to the following conditions:

- (a) we will include a reconciliation statement as required by Rule 19C.23 of the Hong Kong Listing Rules and GL111-22, setting out the financial effect of any material differences between the financial statements prepared using U.S. GAAP and financial statements prepared using HKFRS or IFRS in our first annual financial statements for the financial year commencing on or after January 1, 2022 and subsequent interim and annual financial statements. When the relevant financial statements are not audited or reviewed by auditors, such reconciliation statements required to be included as a note to such financial statements will be reviewed by our auditor in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000;
- (b) we will comply with Rules 4.08 and 19C.10E of the Hong Kong Listing Rules and paragraphs 30 to 34 of GL111-22;
- (c) we will use HKFRS or IFRS in the preparation of our financial statements in the event that we are no longer listed in the U.S. or have no obligation to make financial disclosure in the U.S.; and

- (d) this waiver request will not be applied generally and is based on the specific circumstances of our Company.

## **REQUIREMENTS RELATING TO THE ARTICLES OF ASSOCIATION OF OUR COMPANY**

Rule 19C.02A(1)(b) of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange may refuse a listing if in its opinion the overseas issuer's primary listing is or is to be on an exchange that cannot provide the shareholder protection standards that are at least equivalent to those provided in Hong Kong. Pursuant to Appendix 3 to the Hong Kong Listing Rules, an issuer must demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the shareholder protection standards set out in Appendix 3 to the Hong Kong Listing Rules (the "**Listing Rules Articles Requirements**").

Our Company's Articles do not comply with some of the Listing Rules Articles Requirements, namely, paragraphs 4(2), 14(1), 14(2), 14(3), 14(4), 14(5), 15, 16, 17, 18, 19, 20, and 21 of Appendix 3 to the Hong Kong Listing Rules (together, the "**Unmet Listing Rule Articles Requirements**"). As the Listing is highly confidential and subject to significant uncertainties, and convening a general meeting prior to the Listing to approve the relevant amendments to the existing Articles to comply with the Unmet Listing Rules Articles Requirements would require us to notify all the shareholders trading of our Company's ADSs on the Nasdaq, we believe that strict compliance with Rule 19C.02A(1)(b) of and Appendix 3 to the Hong Kong Listing Rules to incorporate the Unmet Listing Rules Articles Requirements in our Articles at the time of the Listing will be unduly burdensome and inappropriate. In particular, the nature of the relevant amendments to the existing Articles, which includes explicit references to the Hong Kong Listing Rules, may invite speculative trading of our Nasdaq-listed ADSs before the Listing, and disrupt the market. As such, our Company will seek shareholders' approval to incorporate the Unmet Listing Rules Articles Requirements into its Articles in the First GM (i.e. a general meeting to be convened within six months from the date of Listing).

Details of how the Unmet Listing Rules Articles Requirements will be incorporated into our Company's Articles are set out below:

- (1) Any director appointed by our Director to fill a causal vacancy on our Board or as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his or her appointment and shall then be eligible for re-election at that meeting (paragraph 4(2) of Appendix 3);
- (2) Our Company shall in each financial year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by our Directors (paragraph 14(1) of Appendix 3);
- (3) An annual general meeting shall be called by not less than 21 days' notice in writing and at least 14 days' notice in writing shall be given for any other general meeting (including an extraordinary general meeting) (paragraph 14(2) of Appendix 3);

- (4) Subject to any rights and restrictions for the time being attached to any share of our Company, (a) every shareholder present shall, at a general meeting of our Company, have the right to speak; and (b) on a show of hands every shareholder present shall, at a general meeting of our Company, each have one vote, and (c) on a poll every shareholder present at the meeting shall have one vote for each share of which he or the person represented by proxy is the holder (paragraph 14(3) of Appendix 3);
- (5) That, where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted (paragraph 14(4) of Appendix 3);
- (6) A shareholders' requisition is a requisition of one or more members holding at the date of deposit of the requisition shares which carry in aggregate not less than 10% of all votes, on a one vote per share basis, attaching to all issued and outstanding shares of our Company that as at the date of the deposit carry the right to vote at general meetings of our Company, and such members may add resolutions to the meeting agenda (paragraph 14(5) of Appendix 3);
- (7) The rights attaching to any class may, subject to any rights or restrictions attached to that class, only be changed by a super-majority vote of the Company's members of the class to which the rights are attached or with the consent in writing of the holders of not less than three-fourths in the nominal value of the issued shares of that class. A "super-majority vote" means at least three-fourths of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of that class (paragraph 15 of Appendix 3);
- (8) A super-majority vote of the Company's members in a general meeting shall be required to approve changes to the Company's Articles. A "super-majority vote" means at least three-fourths of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of that class (paragraph 16 of Appendix 3);
- (9) Our Company shall at every annual general meeting by ordinary resolution (being a resolution (a) passed by a simple majority of the votes cast by such shareholders of our Company as, being entitled to do so, vote in person or by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of our Company, or (b) approved in writing by all of the shareholders of our Company entitled to vote at a general meeting of our Company) appoint an auditor or auditors of our Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution. The remuneration of the auditors shall be fixed by our Company by ordinary resolution at the annual general meeting at which they are appointed provided that in respect of any particular year our Company in general meeting may delegate the fixing of such remuneration to the Board (paragraph 17 of Appendix 3);

- (10) Any shareholder entitled to attend and vote at a meeting of our Company shall be entitled to appoint another person (who need not be a shareholder of our Company) as his proxy to attend and vote instead of him. Any corporation which is a shareholder or a director may by resolution of its directors or other governing body authorize such person (who need not be a shareholder of our Company) as it thinks fit to act as its representative at any meeting of our Company or of any meeting of holders of a class or of the directors or of a committee of directors, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder or director. Where a corporation is so represented, it shall be treated as being present at any meeting (paragraph 18 of Appendix 3);
- (11) If a recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a member of our Company it may, by resolution of its directors or other governing body or by power of attorney, authorize such person(s) as it thinks fit to act as its representative(s) at any general meeting of our Company or of any class of shareholders provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized pursuant to the Articles shall be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual member holding the number and class of shares specified in such authorization, including the right to vote individually on a show of hands and the right to speak at general meetings (paragraph 19 of Appendix 3);
- (12) Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open for inspection by a shareholder without charge and any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Hong Kong Listing Rules as the Board may determine for each inspection, provided that our Company may be permitted to close the register in terms equivalent to section 632 of the Companies Ordinance (paragraph 20 of Appendix 3); and
- (13) A super-majority vote of the Company's members in a general meeting shall be required to approve a voluntary winding up of the Company. A "super-majority vote" means at least three-fourths of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of that class (paragraph 21 of Appendix 3).

In addition, to further enhance its shareholder protection measures, the Company will at the First GM propose to its shareholders to amend its Articles to (i) require a general meeting postponed by the Directors to be postponed to a specific date, time and place (the "**GM Postponement Requirement**"), and (ii) remove the shareholding structure of Class B ordinary shares and provisions related to Class B ordinary shares (the "**Class B Removal Requirement**," together with the Unmet Listing Rule Articles Requirements and the GM Postponement Requirement, the "**Unmet Articles Requirements**").



As advised by our Company's legal adviser as to Cayman Islands laws, subsequent to the conversion of all of the Class B ordinary shares to Shares which entitle holders to one vote per share upon the completion of the Listing pursuant to the conversion notice delivered by Aerovane Company Limited such that there will no longer be any issued Class B ordinary shares as of the First GM date, the amendment of our Company's Article to incorporate the Unmet Articles Requirements will require approval by a special resolution of our Company passed by not less than two-thirds of the votes cast by the shareholders voting in person or by proxy at the First GM. No separate class meeting will be required as there will no longer be any holders of Class B ordinary shares subsisting at the First GM date. The quorum for such general meeting will be members controlling one-third of all votes attaching to all Shares in issue in our Company present in person or by proxy pursuant to article 65 of our Company's Articles.

### **Unwinding of our weighted voting rights structure**

Under our current weighted voting rights structure, our share capital comprises Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitles the holder to exercise one vote, and each Class B ordinary share entitles the holder to exercise 20 votes, respectively, on all matters that require a shareholder's vote.

Upon the Listing, all the issued and outstanding Class B ordinary shares shall be converted into Class A ordinary shares on a one-for-one basis pursuant to the conversion notice delivered by Aerovane Company Limited to our Company which will take effect upon Listing. Subsequently, no issued and outstanding Class B ordinary shares of our Company shall be subsisting upon Listing.

Furthermore, at the First GM, we will put forth for voting certain changes to the Articles of our Company which include, amongst others, the unwinding of the weighted voting rights structure of our Company through the removal of all references to the Class B ordinary shares in the Articles. Subsequently, all the issued Shares of our Company will entitle their holders to one vote per Share at a general meeting of our Company.

Upon the Listing, all the Class B ordinary shares shall be converted into A ordinary shares on a one-for-one basis. Accordingly, Mr. Zhou will be interested in approximately 14.1% of the total issued share capital of our Company, representing approximately 14.1% of the aggregate voting power of the total issued and outstanding Shares (excluding the shares issued and reserved for future issuance upon the exercising or vesting of awards granted under the Share Incentive Plan, and assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Incentive Plans). Furthermore, all the directors and executive officers as a group (including Mr. Zhou) will be entitled to approximately 15.2% of the aggregate voting power of the Company upon the Listing.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the Unmet Articles Requirements, which shall only remain in force until the relevant proposed resolutions to incorporate the Unmet Articles Requirements have been approved by the shareholders, subject to the conditions that:

- (a) at the First GM, our Company will put forth the abovementioned resolutions to amend its Articles to comply with the Unmet Articles Requirements (the "**Proposed Resolutions**");

- (b) Mr. Zhou and each of our Directors and executive officers will, prior to the Listing, irrevocably undertake to our Company to be present at the First GM and to vote in favor of the Proposed Resolutions;
- (c) if any of the Proposed Resolutions are not passed at the First GM, until they are all approved by the shareholders, our Company will continue to put forth the Proposed Resolutions that have not been passed at each subsequent annual general meeting, and Mr. Zhou and each of our Directors and executive officers of our Company will, prior to the Listing, irrevocably undertake to continue to be present and vote in favor of such Proposed Resolutions at such a meeting;
- (d) our Company will issue a press release announcing its support publicly for the Proposed Resolutions each year after the Listing until all the Proposed Resolutions are adopted;
- (e) our Company will, prior to the Listing, irrevocably undertake to the Hong Kong Stock Exchange that it (i) will comply with the Unmet Articles Requirements in full (the “**Undertaking for Interim Compliance**”), except for the approval requirements under paragraphs 15 and 16 of Appendix 3 to the Hong Kong Listing Rules solely for the purpose of approving the Proposed Resolutions to amend its Articles at the First GM or at each subsequent annual general meeting, and (ii) will not issue any further shares with weighted voting rights on or after the Listing and before its Articles are formally amended to incorporate the Unmet Articles Requirements;
- (f) Mr. Zhou and each of our Directors will, prior to the Listing, irrevocably undertake to our Company that they will procure our Company (i) to give effect to the Undertaking for Interim Compliance and (ii) not to issue any further shares with weighted voting rights on or after the Listing and before its Articles are formally amended; and
- (g) our Company remains listed on the Nasdaq.

The nature of the amendments is to enhance shareholder protection and remove the weighted voting rights structure, which is in the best interests of our Company and its shareholders as a whole. Our Company and Mr. Zhou acknowledged and agreed in the relevant undertakings that the undertakings are intended to confer a benefit on all the existing and future shareholders of our Company.

If any holders of any ADSs fail to give valid or timely voting instructions to the ADS depository bank with respect to the Proposed Resolutions, our Company will procure any discretionary proxy it may be entitled to designate under the deposit agreement for the ADSs to vote the underlying Class A ordinary shares in favor of the Proposed Resolutions.

Our Company’s legal adviser as to the laws of the Cayman Islands confirms that the Undertaking for Interim Compliance will not violate the laws and regulations of the Cayman Islands applicable to our Company, provided that the existing shareholder rights of our Company’s shareholders under our Existing Articles are observed, and our Company confirms that, having consulted its other legal advisers, the Undertaking for Interim Compliance will also not violate other laws and regulations applicable to our Company.

Notwithstanding the above, our Company intends to hold the First GM within six months after the Listing to put forth the relevant resolutions for revising the Articles.

Notwithstanding the above, there is no guarantee that the Proposed Resolutions will be passed at the First GM and there is uncertainty as to the outcome of the First GM since the weighted voting rights beneficiary will no longer have any enhanced voting power upon the Listing or be in a position to exert significant influence over the outcome of the shareholders' resolutions. Prospective investors should make the decision to invest in our Company only after due and careful consideration.

## **DEALINGS IN SHARES PRIOR TO LISTING**

According to Rule 9.09(b) of the Hong Kong Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the "**Relevant Period**").

Our Company had approximately 46 subsidiaries and operating entities as of June 30, 2022, and its ADSs are widely held, publicly traded and listed on the Nasdaq. Our Company considers that it is therefore not in a position to control the investment decisions of its shareholders or the investing public in the U.S.

Solely based on public filings with the SEC as of the Latest Practicable Date, other than Mr. Hongyi Zhou and his affiliates (as detailed in the section headed "**Major Shareholders**"), there are no other shareholders who controlled more than 10% of the voting rights of our Company.

For a company whose securities are listed and traded in the U.S., the Company notes that it is a common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act (the "**Rule 10b5-1 Plan(s)**") to buy or sell the company's securities. A Rule 10b5-1 Plan is a written plan, set up with a broker, to trade securities that (a) is entered into at a time when the person trading the securities is not aware of any material non-public information; (b) specifies the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; and (c) does not allow the person trading the securities to exercise any subsequent influence over how, when, or whether to effect purchases or sales. Persons who trade securities pursuant to a Rule 10b5-1 Plan have an affirmative defense against insider trading allegations under U.S. securities law.

On the basis of the above, our Company considers that the following categories of persons (collectively, the "**Permitted Persons**") should not be subject to the dealing restrictions set out in Rule 9.09(b) of the Hong Kong Listing Rules:

- (a) our Directors and chief executives, and the directors and chief executives of our Company's Significant Subsidiaries, and their close associates, in respect of (i) their respective dealings pursuant to Rule 10b5-1 Plans that they have set up prior to the Relevant Period and (ii) their respective use of the Shares as security (including, for the avoidance of doubt, using their respective shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period ("**Category 1**");

- (b) directors, chief executives and substantial shareholders of our Company's non-Significant Subsidiaries and their close associates (“**Category 2**”); and
- (c) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our Company's substantial shareholder and who is not its director or chief executive, or a director or chief executive of our Company's subsidiaries, or their close associates (“**Category 3**”).

For the avoidance of doubt:

- (a) as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Hong Kong Listing Rules; and
- (b) persons in Category 1 who (i) use their respective Shares other than as described in this section headed “Dealings in the Shares prior to Listing” or (ii) who are not dealing in the Company's securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules; and
- (c) other than Mr. Andrew Y Yan who pledged 1,000,000 Shares controlled by him in the Company, none of the persons under Category 1 had pledged the Shares as security as at June 30, 2022 nor as at the Latest Practicable Date.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Hong Kong Listing Rules on the following conditions:

- (a) Where Category 1 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares at the time of entering into the relevant transactions during the Relevant Period;
- (b) Category 1 of the Permitted Persons who entered into Rule 10b5-1 Plans have no discretion over dealings in the Company's ADSs after the plans have been entered into;
- (c) Categories 2 and 3 of the Permitted Persons do not have any influence over the Global Offering and do not possess any non-public inside information of our Company given that such persons are not in a position with access to information that is considered material to our Company taken as a whole. Given the large number of our Company's subsidiaries and its vast ADS holder base, our Company and its management do not have effective control over the investment decisions of Categories 2 and 3 of the Permitted Persons in its ADSs;
- (d) our Company will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 persons) are not in possession of any non-public inside information of which our Company is aware;

- (e) our Company will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when it becomes aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (f) prior to the Listing Date, other than within the permitted scopes set out above, our Directors and chief executive and the directors and chief executives of its Significant Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, RSUs, dividend equivalents, and share payments under the Group's share incentive plans.

The Company believes, subject to the conditions set forth in sub-paragraph (c) above, the dealings in the Company's securities by its core connected persons will not prejudice the interests of the potential investors of the Company and that the circumstances relating to this waiver align with the principles in the Hong Kong Stock Exchange's Guidance Letter HKEX-GL42-12.

### **SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS**

Rule 2.03(2) of the Hong Kong Listing Rules provides that the issue and marketing of securities should be conducted in a fair and orderly manner.

Rule 10.04 of the Hong Kong Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rule 10.03 of the Hong Kong Listing Rules are fulfilled. Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules states that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are as follows:

- (a) that no securities are offered to the purchasers on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and
- (b) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Hong Kong Listing Rules is achieved.

Rule 19C.11 of the Hong Kong Listing Rules provides that the requirement under Rule 8.08 of the Hong Kong Listing Rules to maintain a minimum percentage of public shareholders does not apply to an overseas issuer seeking a secondary listing.

The Hong Kong Stock Exchange's Guidance Letter HKEX-GL85-16 provides that the Hong Kong Stock Exchange will consider granting a waiver from Rule 10.04 and consent pursuant to paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules allowing an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company has been listed on the Nasdaq since December 2018 and has a wide and diverse shareholder base. There is a robust level of trade in our Company's securities, with significant daily trading volume resulting in daily changes to its existing shareholders. Our Company is not in a position to prevent any person or entity from acquiring its listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for our Company to seek the prior consent of the Hong Kong Stock Exchange for each of our existing shareholders or their close associates who subscribe for Offer Shares in the Global Offering.

Our Company confirms that any person (whether or not an existing shareholder of our Company) who may, as a result of dealings, become our Company's shareholder and who is not a director or chief executive of our Company or its subsidiaries, or any of their close associates (the "**Permitted Existing Shareholders**"), has no influence over the Global Offering and is not in possession of any non-public inside information and are effectively in the same position as any other public investors of our Company. For the avoidance of doubt, Categories 2 and 3 of the Permitted Persons (as defined in "– Dealings in Shares prior to Listing" above) have no influence over the Global Offering and are not in possession of any inside information in relation to the Listing and are effectively in the same positions as other public investors. Categories 2 and 3 of the Permitted Persons, other public investors and their close associates will therefore be Permitted Existing Shareholders.

As set out above, Category 2 includes directors, chief executives and substantial shareholders of non-Significant Subsidiaries and their close associates. Although Category 2 individuals fall within the strict definition of a core connected person under the Hong Kong Listing Rules, there is no actual or perceived preferential treatment.

- (i) Each of these non-Significant Subsidiaries are not individually material to the Group in terms of their contribution to the Company's total net income or total assets or total revenues or profits. These non-Significant Subsidiaries do not hold any major assets and intellectual property rights.
- (ii) Pursuant to US laws and regulations, the Company is required to disclose certain details relating to its Significant Subsidiaries. Conversely, other than material matters generally required to be disclosed, US laws and regulations do not prescribe specific disclosure requirement to non-Significant Subsidiaries.
- (iii) Non-Significant Subsidiaries do not individually contribute more than 10% of the Group's total assets and incomes, comparable to the definition of an 'insignificant subsidiary' under Rule 14A.09(1) of the Hong Kong Listing Rules, which refers to a subsidiary whose total assets, profits and revenue are less than 10%. For clarity, Regulation S-X does not define a Significant Subsidiary with reference to its profits.
- (iv) The Company had approximately 46 subsidiaries as of June 30, 2022, covering a significant number of directors, chief executives and substantial shareholders. However, these individuals (a) have no influence over the Global Offering, (b) will not be offered securities on a preferential basis, (c) will not be given preferential treatment in the allocation of the securities, (d) are not in possession of any inside information in relation to the Listing and are effectively in the same positions as other public investors.

Solely based on public filings with the SEC available as of the Latest Practicable Date, other than the affiliates of Mr. Hongyi Zhou (as specified in the section headed “Major Shareholders”), FountainVest China Capital Partners GP3 Ltd. and Morgan Stanley, our Company had no shareholder who was not a Director and who controlled 5% or more of our Company’s voting rights.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules in respect of the restriction on each Permitted Existing Shareholder, subject to the following conditions:

- (a) each Permitted Existing Shareholder (and its close associate) is interested in less than 5% of our Company’s voting rights immediately before the Listing;
- (b) other than the Categories 2 and 3 of the Permitted Persons, each Permitted Existing Shareholder (and its close associate) is neither a director nor member of the senior management of our Company or its subsidiaries or any of their close associates nor a core connected person of the Company;
- (c) the Permitted Existing Shareholders and their close associates do not have the power to appoint directors of, or any other special rights in, our Company;
- (d) the Permitted Existing Shareholders and their close associates do not have influence over the offering process and will be treated the same as other applicants and placees in the Global Offering;
- (e) the Permitted Existing Shareholders and their close associates will be subject to the same book-building and allocation process as other investors in the Global Offering; and
- (f) to the best of their knowledge and belief, each of our Company, the Joint Sponsors and the Joint Global Coordinators (based on discussions between the Company and the Joint Sponsors and the confirmations required to be submitted to the Hong Kong Stock Exchange by the Company and the Joint Sponsors) will or have confirmed to the Hong Kong Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and their close associates as a placee in the International Offering by virtue of their relationship with our Company.

Our Company expects to satisfy all the conditions set out in paragraph 4.20 of Guidance Letter HKEX-GL85-16 so that no actual or perceived preference will be given to the Permitted Existing Shareholders due to their existing shareholdings in our Company.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in our Company’s allotment results announcement (other than to the extent that such Permitted Existing Shareholders or close associates subscribe for shares as cornerstone investors) unless such Permitted Existing Shareholders are interested in 5% or more of the issued share capital of our Company after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for our Company to disclose such information given that there is no requirement to disclose interests in equity securities under the U.S. Exchange Act unless the beneficial ownership of such person (including directors and officers of the company concerned) reaches more than 5% of equity securities registered under Section 12 of the U.S. Exchange Act.

## **MONTHLY RETURN**

Rule 13.25B of the Hong Kong Listing Rules requires a listed issuer to publish a monthly return in relation to movements in its equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates.

According to the note to Rule 13.25B of the Hong Kong Listing Rules, this common waiver is subject to the condition that the issuer can meet one of the following three conditions:

- (a) it has received a relevant partial exemption from Part XV of the SFO;
- (b) it publishes a “next day disclosure return” in strict compliance with Rule 13.25A of the Hong Kong Listing Rules; or
- (c) it is subject to overseas laws or regulations that have a similar effect to Rule 13.25B of the Hong Kong Listing Rules and any differences are not material to shareholder protection.

Our Company has obtained a relevant partial exemption from strict compliance with Part XV of the SFO. Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the continuing obligations under Rule 13.25B of the Hong Kong Listing Rules. Our Company will disclose information about share repurchases, if any, in our Company’s annual reports on Form 20-F which are furnished or filed with the SEC and will also disclose such information, if material, in our Company’s quarterly earnings releases in accordance with applicable U.S. rules and regulations.

## **PARTICULARS OF ANY COMMISSIONS, DISCOUNTS AND BROKERAGES, ALTERATIONS OF CAPITAL AND AUTHORIZED DEBENTURES**

Paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraphs 11 and 14 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance require the listing document to include the particulars of any commissions, discounts, brokerages or other special terms granted within two years immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group and the particulars of any alterations of capital within two years immediately preceding the issue of the listing document.

Paragraph 25 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and its subsidiaries to be disclosed in the Prospectus.



Our Company has identified eight entities as its Significant Subsidiaries. For further details, see the section headed “History and Corporate Structure – Significant Subsidiaries and Operating Entities” in the Prospectus. Our Company had approximately 46 subsidiaries and operating entities as of June 30, 2022. Our Company believes that it would be unduly burdensome for our Company to disclose this information in respect of its non-Significant Subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors. The non-disclosure of such information will not prejudice the interests of investors. We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in the Prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

The Significant Subsidiaries include all significant operating subsidiaries under the financial threshold of Regulation S-X in the U.S. (i.e. contributing more than 10% of the Group’s total assets and income) and subsidiaries that are material to the Group’s business operations (including those that hold major intellectual properties). None of the non-Significant Subsidiaries is individually material to us in terms of its contribution to our Company’s total net revenue, total net income or total assets or holds any major assets and intellectual property rights.

By way of illustration, the aggregate revenue of the Significant Subsidiaries accounted for more than 89.4%, 85.6%, 88.9% and 87.8% of the total revenues of the Group for the year ended December 31, 2019, 2020 and 2021, and for the six months ended June 30, 2022, respectively, and the total assets of the Significant Subsidiaries represented 73.7%, 85.8%, 84.6% and 86.4% of the total assets of the Group as at December 31, 2019, 2020 and 2021, and as at June 30, 2022, respectively. There was no other individual non-Significant Subsidiaries that contributed more than 5% of the total revenues and total assets of the Group attributable to them individually for the relevant period, nor do they hold any major assets, licenses, intellectual property right, proprietary technologies or R&D. As such, our Company has disclosed the particulars of the changes in its share capital and the Significant Subsidiaries in the section headed “Statutory and General Information – Further Information About Us” in Appendix IV to the Prospectus, and particulars of the commissions, discounts, brokerage fee and authorized debentures in respect of the Significant Subsidiaries and our Company are set out in the section headed “Statutory and General Information – Other Information – Miscellaneous” of Appendix IV to the Prospectus.

The disclosure of the relevant information with respect to our Significant Subsidiaries provides sufficient information that is reasonably necessary to enable potential investors to make an informed assessment of “the activities, assets and liabilities, financial position, management and prospects of our Company and of its profits and losses and of the rights attaching to such securities” (per Rule 11.07 of the Hong Kong Listing Rules); and having regard to the disclosure of the relevant information with respect to its Significant Subsidiaries and the fact that such information do not pertain to the business of our Company, the non-inclusion of the information with respect to the non-Significant Subsidiaries does not prejudice the interest of the investing public.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from the requirements under paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules, to the extent not strictly met by the current disclosure in the Prospectus. Further, our Company has applied for, and the SFC has granted, an exemption from the requirements under paragraphs 11, 14 and 25 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in the Prospectus. The SFC has granted the abovementioned exemption on the conditions that: (i) the particulars of such exemption are set out in the Prospectus; and (ii) the Prospectus will be issued on or before Friday, November 18, 2022.

## **DISCLOSURE REQUIREMENTS IN RESPECT OF SUPPLIERS**

Paragraphs 28(1)(b)(i) and (ii) of Appendix 1A to the Hong Kong Listing Rules require the listing document to include a statement of the percentage of purchases attributable to the group's largest supplier and a statement of the percentage of purchases attributable to the group's five largest suppliers combined, respectively.

Paragraph 28(1)(b)(v) of Appendix 1A to the Hong Kong Listing Rules requires the listing document to include a statement of the interest of any of the directors, their close associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuer) in the group's top five suppliers. Sub-paragraph (vi) further provides that in the event that the percentage which would fall to be disclosed under sub-paragraphs (i), (ii) and (v) above is less than 30, a statement of that fact shall be given and the information required in sub-paragraphs (i), (ii) and (v) (in respect of suppliers) may be omitted.

Rule 19.36(1) of the Hong Kong Listing Rules provides that certain disclosure requirements under Parts A and B of Appendix 1 to the Hong Kong Listing Rules may be inappropriate and allows such requirements to be appropriately adapted so that equivalent information is given.

Our Company believes that the specific percentage figures required to be disclosed by Paragraphs 28(1)(b)(i) and (ii) of Appendix 1A to the Hong Kong Listing Rules are commercially sensitive and could be exploited by its competitors. Our Company has not publicly disclosed the information strictly required by Paragraphs 28(1)(b)(i) and (ii) of Appendix 1A to the Hong Kong Listing Rules in its SEC filings, nor is it required to do so under U.S. laws and regulations. Our Company has however disclosed in the section headed "Business – Customers and Suppliers" in the Prospectus that its five largest suppliers accounted for less than 30% of our purchases for each of the years ended December 31, 2020 and 2021, approximately 40.9% for the year ended December 31, 2019 and approximately 40.1% for the six months ended June 30, 2022, and none of them individually accounted for more than 14% of its purchases for the year ended December 31, 2020 and 2021 and for the six months ended June 30, 2022, and not more than 25% for the year ended December 31, 2019. More specifically, the largest supplier in each year or period during the Track Record Period accounted for 24.4%, 5.4%, 9.1% and 13.1% of our total purchase for 2019, 2020 and 2021, and for the six months ended June 30, 2022, respectively, whereas each of the rest of the top five suppliers only account for 1.9% to 9.3% of our Company's total purchase for each year or period. For further information on the major suppliers of our Company, see "Business – Our suppliers" in the Prospectus. Furthermore, our Company has never publicly disclosed such information nor is it required to do so under the applicable U.S. laws and regulations. Our Company, taking into account that it is seeking a secondary listing on the Hong Kong Stock Exchange, believes that the current disclosure in the Prospectus provides sufficient information to investors to make an informed assessment of our Company's business.

As a Nasdaq-listed company, our Company is not in a position to compel its public shareholders who own more than 5% in its issued shares based on public filings (in this case, FountainVest China Capital Partners GP3 Ltd. and Morgan Stanley) to disclose to our Company their shareholding interests in its top five suppliers during the Track Record Period. It would also be unduly burdensome for these public shareholders of our Company to ascertain their shareholding interests in our Company's top five suppliers, because the disclosure requirements under Paragraph 28(1)(b)(v) of Appendix 1A to the Hong Kong Listing Rules are not subject to any materiality or de minimis exemptions or "safe harbors" provisions. The same difficulties would apply to our Directors who are otherwise required to disclose their, and their close associates', shareholding interests in our Company's top five suppliers. As of the Latest Practicable Date, based on publicly available information and save as disclosed in the section headed "Business – Customers and Suppliers – Our suppliers" in the Prospectus, none of our Directors and their close associates, held a 5% or more shareholding interest in the Company's top five suppliers.

In addition, our Company does not believe that the information strictly required by Paragraph 28(1)(b)(v) of Appendix 1A to the Hong Kong Listing Rules would provide any additional meaningful information to investors given that it will not in any event be subject to the connected transaction requirements under Chapter 14A of the Hong Kong Listing Rules, and details of its related party transactions are disclosed in the section headed "Related Party Transactions" in the Prospectus.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Paragraphs 28(1)(b)(i), (ii) and (v) of Appendix 1A to the Hong Kong Listing Rules in respect of our Company's suppliers, to the extent not strictly met by the current disclosure in the Prospectus.

## **DISCLOSURE REQUIREMENTS IN RESPECT OF CUSTOMERS**

Paragraphs 28(1)(b)(iii) and (iv) of Part A of Appendix 1 to the Hong Kong Listing Rules require the listing document to include a statement of the percentage of revenue attributable to the group's largest customer and a statement of the percentage of revenue attributable to the group's five largest customers combined, respectively.

Paragraph 28(1)(b)(v) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include a statement of the interest of any of the directors, their close associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuer) in the group's top five customers. Sub-paragraph (vii) further provides that in the event that the percentage which would fall to be disclosed under sub-paragraph (iv) above is less than 30, a statement of that fact shall be given and the information required in sub-paragraphs (iii), (iv) and (v) (in respect of customers) may be omitted.

Our Company believes that the specific percentage figures required to be disclosed by Paragraphs 28(1)(b)(iii) and (iv) of Part A of Appendix 1 to the Hong Kong Listing Rules are commercially sensitive and could be exploited by its competitors. Our Company has not publicly disclosed the information strictly required by Paragraphs 28(1)(b)(iii) and (iv) of Part A of Appendix 1 to the Hong Kong Listing Rules in its SEC filings, nor is it required to do so under U.S. laws and regulations. Our Company has however made alternative disclosures in the section headed “Business – Customers and Suppliers” in the Prospectus that its five largest customers accounted for less than 50% of our revenue for each of the years ended December 31, 2020 and 2021, and for the six months ended June 30, 2022, and approximately 50.4% for the year ended December 31, 2019, and none of them individually accounted for more than 17% of our revenue for the three years ended December 31, 2019, 2020 and 2021, and for the six months ended June 30, 2022. More specifically, the largest customer in each year or period during the Track Record Period accounted for 15.9%, 15.0%, 14.9% and 16.8% of our total revenue for 2019, 2020 and 2021, and for the six months ended June 30, 2022, respectively, whereas each of the rest of the top five customers only account for 3.1% to 12.6% of our Company’s total revenue for each year or period. For further information on the major customers of our Company, see “Business – Our customers” in the Prospectus. Furthermore, our Company has never publicly disclosed such information nor is it required to do so under the applicable U.S. laws and regulations. Our Company, taking into account that it is seeking a secondary listing on the Hong Kong Stock Exchange, believes that the current disclosure in the Prospectus provides sufficient information to investors to make an informed assessment of our Company’s business.

As a Nasdaq-listed company, our Company is not in a position to compel its public shareholders who own more than 5% in its issued shares based on public filings (in this case, FountainVest China Capital Partners GP3 Ltd. and Morgan Stanley) to disclose to our Company their shareholding interests in its top five customers during the Track Record Period. It would also be unduly burdensome for these public shareholders of our Company to ascertain their shareholding interests in our Company’s top five customers (especially the companies whose shares are publicly traded), because the disclosure requirements under Paragraph 28(1)(b)(v) of Part A of Appendix 1 to the Hong Kong Listing Rules are not subject to any materiality or de minimis exemptions or “safe harbors” provisions. The same difficulties would apply to our Directors who are otherwise required to disclose their, and their close associates’, shareholding interests in the our Company’s top five customers including the companies whose shares are publicly traded. As of the Latest Practicable Date, based on publicly available information and save as disclosed in the section headed “Business – Customers and Suppliers – Our customers” in the Prospectus, none of our Directors and their close associates, held a 5% or more shareholding interest in our Company’s top five customers.

In addition, our Company does not believe that the information strictly required by Paragraph 28(1)(b)(v) of Part A of Appendix 1 to the Hong Kong Listing Rules would provide any additional meaningful information to investors given that it will not in any event be subject to the connected transaction requirements under Chapter 14A of the Hong Kong Listing Rules, and details of its related party transactions are disclosed in the section headed “Related Party Transactions” in the Prospectus.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the disclosure requirements under Paragraphs 28(1)(b)(iii), (iv) and (v) of Part A of Appendix 1 to the Hong Kong Listing Rules in respect of our Company’s customers, to the extent not strictly met by the current disclosure in the Prospectus.

## **DISCLOSURE REQUIREMENTS OF OPTIONS**

Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules requires our Company to set out in the Prospectus particulars of any capital of any member of the 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.

Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires our Company to set out in the Prospectus, among other things, details of the number, description and amount of any of its shares or debentures 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 or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it was given.

In relation to our Company, the only options over the capital or debentures are those issued under our Share Incentive Plans, which are not subject to Chapter 17 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules. The Share Incentive Plans provide for the granting of options, restricted shares, restricted share units and share appreciation rights. The waiver and exemption therefore only relates to the options that are granted under the Share Incentive Plans.

Details of the Share Incentive Plans are disclosed in the section headed “Directors and Senior Management – Compensation – Share Incentive Plans” in the Prospectus. The disclosure is substantially the same as those in our Company’s 20-F filings and comply with applicable U.S. laws and regulations. The current disclosure in the Prospectus is therefore not in strict compliance with the requirements under Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Our Company is not required to monitor or disclose the number of grantees under its share incentive plans, but expects that there are a large number of grantees in view of the size of the Group’s business operations and the fact that it had, as of September 30, 2022, more than 2,000 employees. It would require considerable amount of time and management attention for our Company to begin to collate all the content required under paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. This creates a significant increase in cost and time for information compliance, disclosure preparation and publication. For example, we would need to collect and verify the addresses of more than 280 option grantees to meet the disclosure requirement. Moreover, our Company would be required to seek and obtain consent from each of the grantees to disclose personal details of such grantees, including their names, addresses and the number of options granted, in order to fully comply with personal data privacy laws and principles, which would also be significantly time consuming and administratively burdensome and costly. Our Company has a history of disclosing substantive details of its share incentive schemes in compliance with applicable U.S. laws and regulations. Our Company believes that strict compliance with such requirements would be unduly burdensome for our Company,

and would not be material or meaningful to Hong Kong investors. The non-disclosure of such information will not prejudice the interests of investors. We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of our Group has been disclosed in the Prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules including to disclose the names, addresses, and entitlements on an individual basis of more than 280 option grantees under the Share Incentive Plans without reflecting the materiality of the information will not prejudice the interest of the investing public.

The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2018 Plan is 25,336,096 and that of the 2019 Plan is 17,547,567, plus an annual increase on the first day of each of the four consecutive fiscal years of our Company commencing with the fiscal year beginning January 1, 2021, by (i) an amount equal to 1.0% of the total number of the then issued and outstanding shares or (ii) such fewer number of Shares as may be determined by our Board. Our Board has the authority to amend and modify the Share Incentive Plans. However, no such action may adversely affect in any material way any award previously granted unless prior written consent has been given by the participant.

Pursuant to the Share Incentive Plans, the maximum number of Shares which may be issued for the options granted were 42,883,663 as of September 30, 2022, representing approximately 13.7% of our Company's issued and outstanding Shares as of September 30, 2022. As of September 30, 2022, Shares underlying options that have been granted and are outstanding under the 2018 Plan and 2019 Plan totaled 13,520,030, excluding awards that were forfeited or canceled after the relevant grant dates, representing approximately 4.25% of the total number of our Company's issued and outstanding Shares immediately after completion of the Global Offering. Assuming full vesting and/or exercise of all outstanding options granted under the Share Incentive Plans as of September 30, 2022, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the Share Incentive Plans) will be diluted by approximately 4.25%, and thus the dilution effect on our earnings per Share would be approximately 4.25%.

Details of the awards granted and are outstanding to several of our Directors and senior management (excluding awards that were forfeited or canceled after the relevant grant dates) under the Share Incentive Plans, including exercise price and duration of the options on an individual basis, and the number of awards granted and are outstanding to other employees of our Group, on a group basis, are disclosed in the section headed "Directors and Senior Management – Compensation – Share Incentive Plans" in the Prospectus.

In addition, as of September 30, 2022, approximately 280 grantees who are not existing Directors, senior management or their affiliates, had been granted outstanding options under the Share Incentive Plans to acquire an aggregate of 7,790,656 Class A ordinary shares, representing approximately 2.49% of our Company's issued and outstanding Shares as of September 30, 2022, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraph 27 of Part A of Appendix 1 to the extent not strictly met by the current disclosure in the Prospectus.

Further, our Company has applied for, and the SFC has granted, an exemption from the requirements under Paragraph 10 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFC has granted the abovementioned exemption on the conditions that:

- (i) our Company disclosed in the Prospectus the number of shares issuable upon exercise of the outstanding options under the Share Incentive Plans and the maximum percentage of options held by our Directors and senior management and their affiliates to our Company's total outstanding Shares;
- (ii) the particulars of the exemption are set out in the Prospectus; and
- (iii) the Prospectus will be issued on or before Friday, November 18, 2022.

#### **DISCLOSURE OF INFORMATION ON SUBSIDIARIES WHOSE PROFITS OR ASSETS MAKE IMMATERIAL CONTRIBUTIONS TO OUR COMPANY**

Paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require the listing document to include information in relation to the name, date and country of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company the whole of the capital of which or a substantial proportion thereof is held or intended to be held by our Company, or whose profits or assets make, or will make, a material contribution to the figures in the Accountants' Report or the next published accounts.

Our Company believes that it would be unduly burdensome for our Company to procure this information for the reasons as set out in this section headed “– Particulars of any Commissions, Discounts and Brokerages and Alternations of Capital and Authorized Debentures” above. The non-disclosure of such information will not prejudice the interests of investors. As such, only the particulars in relation to the Significant Subsidiaries are set out in the Prospectus under the sections headed “History – Corporate Structure – Significant Subsidiaries” and “Statutory and General Information – Further Information About Us” in Appendix IV to the Prospectus, which should be sufficient for potential investors to make an informed assessment of our Company in their investment decisions. We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in the Prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules, to the extent not strictly met by the current disclosure in the Prospectus. Further, our Company has applied for, and the SFC has granted, an exemption from the requirements under Paragraph 29 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in the Prospectus. The SFC has granted the abovementioned exemption on the conditions that: (i) the particulars of such exemption are set out in the Prospectus; and (ii) the Prospectus will be issued on or before Friday, November 18, 2022.

## **DISCLOSURE REQUIREMENTS OF THE REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WHOSE EMOLUMENTS WERE THE HIGHEST**

Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information in respect of directors' emoluments during the three financial years ended December 31, 2019, 2020 and 2021. Paragraph 46(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include the aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer in respect of the last completed financial year, and Paragraph 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires information in relation to an estimate of the aggregate remuneration and benefits in kind payable to directors in respect of the current financial year to be set out in the listing document.

Paragraph 33(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information with respect to the five individuals whose emoluments were highest in the group for the year if one or more individuals whose emoluments were the highest have not been included under paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules.

The aggregate fees, salaries and benefits paid and accrued to our Directors and executive officers as a group are disclosed in the section headed "Directors and Senior Management – Compensation" in the Prospectus. Our Company confirms that the current disclosure complies with U.S. annual reporting requirements and is in line with our Company's disclosure in its annual reports on Form 20-F.

Our Company believes that additional disclosure required by Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules would be unduly burdensome and would not provide additional meaningful disclosure for potential Hong Kong investors.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules, to the extent not strictly met by the current disclosure in the Prospectus.



### **THREE-YEAR RESTRICTION ON SPIN-OFFS**

Rule 19C.11 of the Hong Kong Listing Rules provides that, among other things, paragraphs 1 to 3(b) and 3(d) to 5 of Practice Note 15 to (“**PN15**”) the Hong Kong Listing Rules do not apply to a Qualifying Issuer that has, or is seeking, a secondary listing on the Hong Kong Stock Exchange. This exception is limited to circumstances where the spun-off assets or businesses are not to be listed on the Hong Kong Stock Exchange’s markets and the approval of shareholders of the Parent (as defined in PN15) is not required. Paragraph 3(b) of PN15 provides that the Listing Committee would not normally consider a spin-off application within three years of the date of listing of the Parent, because the original listing of the Parent will have been approved on the basis of the Parent’s portfolio of businesses at the time of listing, and the expectation of investors at that time would have been that the Parent would continue to develop those businesses.

Our Company, from time to time, considers different opportunities to bring value to its shareholders, including spinning off any of its business subsidiaries when they have reached a desirable level of maturity. The exact timing of any potential spin-off would depend on the development of each of the business subsidiaries and market conditions. In some cases, it is possible that a spin-off within three years of the Listing may be appropriate. As of the Latest Practicable Date, our Company has not identified any target for a potential spin-off and as a result our Company does not have any information relating to the identity of any spin-off target or any other details of any spin-off; and accordingly, there is no material omission of any information relating to any possible spin-off in the Prospectus. Any potential spin-offs by our Company will be subject to compliance with all applicable requirements under the Hong Kong Listing Rules, including PN15, unless otherwise waived by the Hong Kong Stock Exchange.

No shareholders’ approval with respect to a potential spin-off will be required under our Company’s Articles under applicable U.S. regulations and Nasdaq rules. Further, as our Company is seeking a secondary listing under Chapter 19C of the Hong Kong Listing Rules and is therefore exempt from the requirements under Chapter 14 of the Hong Kong Listing Rules pursuant to Rule 19C.11, no shareholders’ approval will be required under the Hong Kong Listing Rules as well.

The effect of a spin-off to our Company’s shareholders should be the same regardless of whether or not the businesses to be potentially spun-off are to be listed on the Hong Kong Stock Exchange (save with respect to any preferential rights to subscribe for shares that are commonly provided in spin-offs on the Hong Kong Stock Exchange). Given the fact that certain spin-offs by secondary issuers are allowed within three years after their listing in Hong Kong pursuant to Rule 19C.11 of the Hong Kong Listing Rules, our Company believes that the three-year restriction on spin-offs on the Hong Kong Stock Exchange should also be waived and shall not apply to a potential spin-off by our Company.

Our Company and any subsidiary in respect of which a potential spin-off is contemplated will be subject to compliance with all other applicable requirements under the Hong Kong Listing Rules, including the remaining requirements of PN15 and the applicable listing eligibility requirements under the Hong Kong Listing Rules, unless otherwise waived by the Hong Kong Stock Exchange.

Under U.S. securities laws and Nasdaq rules, our Company is not subject to any restrictions similar to the three-year restriction under paragraph 3(b) of PN15 in relation to the spin-offs of its business subsidiaries, nor is there any requirement for our Company to disclose any details of its potential spin-off entities when such information is not available because of the absence of any concrete spin-off plan.

Our Directors owe fiduciary duties to our Company, including the duty to act in what they consider in good faith to be in the best interests of our Company; as such they will only pursue a potential spin-off if there are clear commercial benefits both to our Company and the entity to be spun off; and the Directors will not direct our Company to conduct any spin-off if they believe it will have an adverse impact on the interests of our Company's shareholders.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 3(b) of PN15 to be granted on the following conditions:

- (a) our Company will not within three years after the Listing spin off any of its business subsidiaries on the Hong Kong Stock Exchange until it confirms with the Hong Kong Stock Exchange with basis that the potential spin-off would not render our Company, excluding the subsidiary to be spun off, failing to meet the eligibility or suitability requirements under Rules 19C.02 and 19C.05A of the Hong Kong Listing Rules based on the financial information of the subsidiary to be spun off at the time of the Listing, and where more than one subsidiary is to be spun off, the assessment will be made on a cumulative basis;
- (b) our Company will disclose in the Prospectus its intention relating to any potential spin-off on the Hong Kong Stock Exchange within three years after the Listing and the risks relating to the uncertainty and timing of any potential spin-offs (see "Risk Factors – Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition");
- (c) any potential spin-offs on the Hong Kong Stock Exchange by our Company will be subject to the requirements of PN15 (other than paragraph 3(b) thereof), including that each of our Company and the business subsidiary to be spun off will satisfy the applicable listing eligibility requirements on a standalone basis; and
- (d) disclosure of this waiver in the Prospectus.

## DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules provides that the issue price or offer price of each security must be disclosed in the listing document.

We set out below the reasons for the waiver from strict compliance with Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules:

- (i) The Public Offer Price will be determined by reference to the ADS price: Our Company's ADSs is listed and traded on Nasdaq. With a view to aligning the interest of securities holders in both U.S. and Hong Kong, the final offer price per Hong Kong Offer Share (the "**Public Offer Price**") will be determined with reference to, among other factors, the closing price of our Company's ADSs on Nasdaq on the last trading day on or before the Price Determination Date. The market price of our Company's ADSs traded on Nasdaq is subject to various factors including the overall market conditions, the global economy, the changes in exchange rate, the industry updates, etc., and is not within the control of our Company. Our Company may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on Nasdaq on the last trading day on or before the Price Determination Date (on a per Class A ordinary share converted basis) were to exceed the maximum Public Offer Price as stated in the Prospectus and/or (b) our Company believes that it is in the best interest of our Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the book-building process. If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price;
- (ii) Negative impact on the market price of our Company's ADSs and Offer Shares. Setting a fixed price or a price range with a low-end offer price per Offer Share may be regarded by the investors and shareholders of our Company as an indication of the current market value of our Company's Shares, which may adversely affect the market price of the ADSs of our Company and the Offer Shares; and
- (iii) Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance. Pursuant to paragraph 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the price to be paid for shares subscribed for shall be specified in the prospectus. On this basis, disclosure of a maximum Public Offer Price complies with the requirements prescribed under paragraph 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which provides clear indication of the maximum subscription consideration which a potential investor shall pay for Hong Kong Offer Shares.

For the information of the potential investors, we have disclosed the historical prices of the ADSs and trading volume on Nasdaq for the period from January 1, 2021 up to the Latest Practicable Date in "Structure of the Global Offering – Pricing and Allocation – Determining the Pricing of the Offer Shares" of the Prospectus.

A maximum Public Offer Price will be disclosed in the Prospectus and the Green Application Form. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

Given in no circumstances will the Public Offer Price for the Hong Kong Offer Shares be greater than the maximum Public Offer Price as stated in the Prospectus and the Green Application Form, the disclosure of the maximum Public Offer Price in the Prospectus will be in compliance with the requirement to disclose the “amount payable on application and allotment on each share” as required by paragraph 9 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules based on the reasons above, so that our Company will only disclose the maximum Public Offer Price for the Hong Kong Offer Shares in the prospectus.

See “Structure of the Global Offering – Pricing and Allocation” in the Prospectus for (i) the time for determination of the Public Offer Price and form of its publication; (ii) the historical prices of the ADS and trading volume on the Nasdaq; and (iii) the source for investor to access the latest market price of our Company’s ADSs.

#### **NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE**

Section 4.1 of the Introduction to Takeovers Codes provides that the Takeovers Codes apply to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and companies with a primary listing in Hong Kong. In order to determine whether a company is a “public company in Hong Kong,” Section 4.2 of the Takeovers Code provides that the Executive will consider all the circumstances and apply an economic or commercial test, taking into account primarily the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors including (i) the location of its head office and place of central management; (ii) the location of its business and assets, including such factors as registration under companies legislation and tax status; and (iii) the existence or absence of protection available to Hong Kong shareholders given by any statute or code regulating takeovers, mergers and share repurchases outside Hong Kong.

Our Company has applied for, and the SFC has granted, a ruling that our Company is not a “public company in Hong Kong” for the purposes of the Takeovers Codes. Therefore, the Takeovers Codes do not apply to our Company. In the event that the bulk of trading in our Company’s Shares migrates to Hong Kong such that our Company would be treated as having a dual-primary listing pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Codes will apply to our Company.

## **DISCLOSURE OF INTERESTS UNDER PART XV OF THE SFO**

Part XV of the SFO imposes duties of disclosure of interests in Shares. Under the U.S. Exchange Act, which our Company is subject to, any person (including directors and officers of the company concerned) who acquires beneficial ownership, as determined in accordance with the rules and regulations of the SEC and which includes the power to direct the voting or the disposition of the securities, of more than 5% of a class of equity securities registered under Section 12 of the U.S. Exchange Act must file beneficial owner reports with the SEC, and such person must promptly report any material change in the information provided (including any acquisition or disposition of 1% or more of the class of equity securities concerned), unless exceptions apply. Therefore, compliance with Part XV of the SFO would subject our Company's corporate insiders to a second level of reporting, which would be unduly burdensome to them, would result in additional costs and would not be meaningful, since the statutory disclosure of interest obligations under the U.S. Exchange Act that apply to our Company and its corporate insiders would provide its investors with sufficient information relating to the shareholding interests of its significant shareholders.

Our Company has applied for, and the SFC has granted, a partial exemption under section 309(2) of the SFO to our Company, its substantial shareholders, directors and chief executive from strict compliance with the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12 of part IV of the SFO) on the conditions that (i) the bulk of trading in the Shares is not considered to have migrated to Hong Kong on a permanent basis in accordance with Rule 19C.13 of the Listing Rules; (ii) all the disclosures of interests filed with the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosures in the same manner as disclosures made under Part XV of the SFO; and (iii) our Company will advise the SFC if there is any material change to any of the information which has been provided to the SFC, including any significant changes to the disclosure requirements in the U.S. and any significant changes in the volume of our Company's worldwide share turnover that takes place on the Hong Kong Stock Exchange. This exemption may be reconsidered by the SFC in the event there is a material change in information provided to the SFC.

## **DISCLOSURE OF INTERESTS INFORMATION**

Part XV of the SFO imposes duties of disclosure of interests in shares. Practice Note 5 and paragraphs 41(4) and 45 of Part A of Appendix 1 to the Hong Kong Listing Rules require the disclosure of interests information in respect of shareholders' and directors' interests in the Prospectus.

The U.S. Exchange Act and the rules and regulations promulgated thereunder require disclosure of interests by shareholders that are broadly equivalent to Part XV of the SFO. Relevant disclosure in respect of the substantial shareholder's interests can be found in the section headed "Major Shareholders" in the Prospectus.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Practice Note 5 and Paragraphs 41(4) and 45 of Part A of Appendix 1 to the Hong Kong Listing Rules is to be granted on the following conditions:

- (a) the SFC granting our Company, its substantial shareholders, directors and chief executive a partial exemption from strict compliance with Part XV of the SFO;
- (b) our Company undertaking to file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the SEC; and
- (c) our Company undertaking to disclose in present and future listing documents any shareholding interests as disclosed in an SEC filing and the relationship between its directors, officers, members of committees and their relationship to any controlling shareholders.