

A. WAIVERS AND EXEMPTIONS

A1. Latest Version

WAIVERS AND EXEMPTIONS

The following waivers and exemptions have been applied for and granted by the Hong Kong Stock Exchange and/or the SFC. Unless the context requires otherwise, capitalized terms used herein shall have the meanings given to them in the Company's prospectus ("**Prospectus**") dated October 29, 2020 and references to sections of the Prospectus shall be construed accordingly.

Relevant rule(s) waived	Subject matter
Rule 2.07A of the Hong Kong Listing Rules	Printed Corporate Communications
Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules	Investments and Acquisitions after the Track Record Period
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
Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in Shares prior to Listing
Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by Existing Shareholders
Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules	Printed Prospectuses
Rule 13.25B of the Hong Kong Listing Rules	Monthly Return
Rule 19C.07(3) and (7) of the Hong Kong Listing Rules	Shareholder Protection Requirements
Paragraph 17 of Appendix 3 to the Hong Kong Listing Rules	Appointment, Removal and Remuneration of Auditors
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 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 Material Contributions to Us

Relevant rule(s) waived	Subject matter
Paragraph 27 of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of Options
Paragraphs 33(2), 33(3), 46(2) and 46(3) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments Were Highest
Paragraphs 41(4) and 45 of Appendix 1A to and Practice Note 5 of the Hong Kong Listing Rules	Disclosure of Interests Information
Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules	Disclosure of Offer Price
Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules	Clawback Mechanism
Section 4.1 of the Introduction to the Takeovers Codes	Not a public company in Hong Kong under Takeovers Code
Part XV of the SFO	Disclosure of interests under Part XV of the SFO
Compliance with paragraphs 15, 16, and 21 of Appendix 3 to the Hong Kong Listing Rules	Subject matter

Paragraphs 15, 16 and 21 of Appendix 3 to the Hong Kong Listing Rules	Super-majority Vote Threshold
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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 ADSs have been listed on the NYSE since 2006. We have a diverse shareholder base with ADS holders globally.

We do not currently produce or send out any corporate communications to our shareholders or holders of ADSs in printed form unless requested or in limited circumstances. We publicly file or furnish various corporate communications with the SEC which are posted on the SEC's website. Our annual reports on Form 20-F and current reports on Form 6-K and all amendments to these reports are also available free of charge on our website as soon as reasonably practicable after they are filed with or furnished to the SEC. Further, we will post our proxy materials and notices to our shareholders and holders of ADSs on a publicly accessible website. In addition, the depository bank which administers our ADS program will send a notice as well as an ADS voting instruction card to our ADS holders.

Apart from the Hong Kong Offer Shares that we 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 diverse shareholder base and the potential number of countries in which our shareholders are located, we consider that it would not be practicable for us to send printed copies of all our corporate communications to all of our shareholders. Further, we consider that it would also not be practicable for us to approach our 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.

We have 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 we will:

- (a) issue all future corporate communications as required by the Hong Kong Listing Rules on our 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 to our shareholders at no costs upon request; and
- (c) ensure that the "Investor Relations" page of our website (investor.neworiental.org) will direct investors to all of our future filings with the Hong Kong Stock Exchange.

INVESTMENTS AND ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Hong Kong Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Ordinary course Investments since May 31, 2020

During the Track Record Period, we have made minority investments in a number of companies both in China and overseas in our ordinary and usual course of business to further our strategic objectives. Since May 31, 2020 and up to the Latest Practicable Date, we have made or proposed to make minority investments in a number of companies, and we expect to continue to enter into further minority investments subsequent to the Latest Practicable Date and prior to the date of the Listing Document (collectively, the “**Investments**”). Details of the Investments up to the Latest Practicable Date include:

<u>Investment</u> ⁽³⁾	<u>Consideration</u> ⁽¹⁾⁽²⁾ <i>(in millions)</i> <i>(approx.)</i>	<u>Percentage of shareholding/ equity interest</u> ⁽²⁾	<u>Principal business activities</u>
Company A	RMB100.00 (approximately US\$14.02)	3.125%	Technology Business
Company B	US\$8.00	5.81%	Education Technology Business
Company C	RMB3.75 (approximately US\$0.53)	5%	Technology Business

Notes:

- (1) The above exchange rate was calculated at US\$1 to RMB7.1348 (being the exchange rate disclosed in our Form 20-F filed with the SEC on September 16, 2020).
- (2) The approximate consideration disclosed in the table represents each of the Investments. The percentage of shareholding/equity interest represents our total pro forma shareholding in each of the Investments after the completion of the relevant transaction.
- (3) None of the core connected persons at the level of our Company is a controlling shareholder of any of the Investments.

We confirm that the investment amounts for each of the Investments are the result of commercial arm’s length negotiations, based on factors including market dynamics, a mutually agreed valuation, and/or capital need of the relevant company’s operations.

Conditions for granting the waiver and its scope in respect of the Investments

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Investments on the following grounds:

Ordinary and usual course of business

We make equity investments in sectors relating to our business as part of our ordinary and usual course of business. We have a history of making minority investments and have conducted a number of minority investments during the Track Record Period.

The percentage ratios of each Investment are all less than 5% by reference to the most recent fiscal year of our Company's Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for each of the Investments are all significantly less than 5% by reference to the most recent fiscal year of the Track Record Period. We do not believe that the Investments are subject to aggregation under Rule 14.22 of the Hong Kong Listing Rules, because (i) each of the Investments involves the acquisition of interests in a different company and (ii) the Investments were entered into, or are expected to be entered into, with different counterparties.

Accordingly, we believe that the Investments have not resulted in, and do not expect the Investments to result in, any significant changes to our financial position since May 31, 2020, and all information that is reasonably necessary for potential investors to make an informed assessment of our activities or financial position has been included in the Listing Document. As such, we consider that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

We are not able to exercise any control over the underlying company or business

We only hold and/or will only hold a minority equity interest in each of the Investments and do not control their boards of directors, and expect this to remain the case for any subsequent Investments. We are also not involved in the day to day management of these Investments and only enjoy minority strategic shareholder rights.

The minority rights given to us are generally commensurate to our status as a minority shareholder and are for the protection of our interests as a minority stakeholder in the Investments. These rights are neither intended, nor sufficient to compel or require the relevant companies to prepare or to disclose in the Prospectus audited financial statements for the purposes of compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules. These disclosures are also not required pursuant to applicable U.S. securities laws. It could be prejudicial and potentially harmful to our portfolio relationships and commercial interests to make such disclosures. In addition, as some portfolio companies are private, disclosing this information could harm their interests and bring them into an unfavorable competitive position. Accordingly, as we do not expect the Investments to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interest of the investors.

Alternative disclosure of the Investments in the Prospectus

We have disclosed alternative information about the Investments in the Prospectus. Such information includes those which would be required for a disclosable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of the relevant companies' principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of our Company is a controlling shareholder of any of the Investments. We have however excluded disclosure on the names of companies in connection with the Investments in the Prospectus because: (i) we have entered into confidentiality agreements with these companies and do not have consent for such disclosure; and/or (ii) the transactions have not been disclosed, and are not required to be disclosed, under U.S. regulations. It is commercially sensitive to disclose the identities of the companies we have invested in or propose to invest in as such information may enable our competitors to anticipate our investment strategy. Since the relevant percentage ratio of each Investment is less than 5% by reference to the most recent fiscal year of our Track Record Period, we believe the current disclosure is adequate for potential investors to form an informed assessment of us. We do not expect to use any proceeds from the Listing to fund the Investments.

Acquisitions since May 31, 2020

Since May 31, 2020 and up to the Latest Practicable Date, we have made or proposed to make a number of acquisitions of a majority interest in certain companies, and expect to continue to enter into further acquisitions subsequent to the Latest Practicable Date and prior to the date of the Listing Document (collectively, the “**Acquisitions**”). Details of the Acquisitions up to the Latest Practicable Date include:

<u>Targets⁽²⁾</u>	<u>Consideration⁽¹⁾⁽³⁾</u> <i>(in millions)</i> <i>(approx.)</i>	<u>Percentage of shareholding/ equity interest⁽³⁾</u>	<u>Principal business activities</u>
Company D	JPY285.00 (approximately US\$2.72)	100%	Education Business
Company E	RMB35.19 (approximately US\$4.93)	100%	Education Business
Company F	RMB35.00 (corresponds to US\$4.91)	100%	Education Business
Company G	RMB15.75 (corresponds to US\$2.21)	100%	Education Business

Notes:

- (1) The above exchange rate was calculated at US\$1 to JPY104.59 (being the exchange rate published on Bloomberg on the Latest Practicable Date) and US\$1 to RMB7.1348 (being the exchange rate disclosed in our Form 20-F filed with the SEC on September 16, 2020).
- (2) None of the core connected persons at the level of our Company is a controlling shareholder of any of the Acquisitions.
- (3) The approximate consideration disclosed in the table represents each of the Acquisitions after May 31, 2020. The percentage of shareholding/equity interest represents our total pro forma shareholding in each of the Acquisitions after the completion of the relevant transaction.

The acquisition amounts for each of the Acquisitions are the result of commercial arm's length negotiations, based on factors including market dynamics, a mutually agreed valuation, and/or capital required for the target company's operations.

Conditions for granting the waiver and its scope in respect of the Acquisitions

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Acquisitions on the following grounds:

The percentage ratios of each Acquisition are all less than 5% by reference to the most recent fiscal year of our Company's Track Record Period

The relevant percentage ratios calculated in accordance with Rules 14.07 of the Hong Kong Listing Rules for the Acquisitions are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

We do not believe that the Acquisitions are subject to aggregation under Rule 14.22 of the Hong Kong Listing Rules, because: (i) each of the Acquisitions involves the acquisition of interests in a different company; and (ii) the Acquisitions were entered into, or are expected to be entered into, with different counterparties.

Accordingly, we believe that the Acquisitions have not resulted in, and do not expect the Acquisitions to result in, any significant changes to our financial position since May 31, 2020, and all information that is reasonably necessary for the potential investors to make an informed assessment of our activities or financial position has been included in the Prospectus. As such, we consider that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

The historical financial information of the targets is not available and would be unduly burdensome to obtain or prepare

The targets in respect of the Acquisitions do not have available historical financial information that is readily available for disclosure in the Prospectus in accordance with the Hong Kong Listing Rules. In addition, it would require considerable time and resources for us and our reporting accountants to fully familiarize themselves with the management accounting policies of the targets and compile the necessary financial information and supporting documents for disclosure in the Prospectus. As such, we believe that it would be impractical and unduly burdensome for us to disclose the audited financial information of the targets as required under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules.

In addition, having considered the Acquisitions to be immaterial and that we do not expect the Acquisitions to have any material effect on our business, financial condition or operations, we believe that it would not be meaningful and would be unduly burdensome for us to prepare and include the financial information of the targets during the Track Record Period in the Prospectus. As we do not expect the Acquisitions to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interests of the investors.

Alternative disclosure of the Acquisitions in the Prospectus

We have provided alternative information about the Acquisitions in the Prospectus. Such information includes those which would be required for a disclosable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of the targets' principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of our Company is a controlling shareholder of any of the targets. We have however excluded disclosure on the names of targets in connection with the Acquisitions because: (i) we have entered into confidentiality agreements with these companies and do not have consent for such disclosure; and/or (ii) the transactions have not been disclosed, and are not required to be disclosed, under U.S. regulations. Since the relevant percentage ratio of each Acquisition is less than 5% by reference to the most recent fiscal year of the Track Record Period, we believe the current disclosure is adequate for potential investors to form an informed assessment of us. We do not expect to use any proceeds from the Listing to fund the Acquisitions.

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, we have applied the modified retrospective transition approach to account for the impact of the adoption of the new accounting standards in the Track Record Period. Under the modified retrospective method adopted by us, comparative periods in the latest consolidated financial statements are not retrospectively adjusted.

During the Track Record Period, we adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Update 2014-09 "Revenue from Contracts with Customers (Topic 606)" and related amendments and implementation guidance ("**ASC 606**"), Accounting Standards Update 2016-01 "Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities", including related technical corrections and improvements ("**ASU 2016-01**"), and Accounting Standards Update 2016-02 "Leases (Topic 842)", including certain transitional guidance and subsequent amendments ("**ASC 842**") The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the Accountants' Reports in Appendix I.

ASC 606 was adopted beginning June 1, 2018 using the modified retrospective method that increased retained earnings by approximately US\$1.1 million rather than retrospectively adjusting prior periods. Results for fiscal year 2019 are presented under ASC 606, while results for the comparative periods have not been adjusted and were reported in accordance with the previous revenue recognition standard under U.S. GAAP. The adoption of ASC 606 does not have any significant impact on the consolidated financial statements.

ASU 2016-01, which amends various aspects of the recognition, measurement, presentation, and disclosure for financial instruments, was adopted on June 1, 2018. After the adoption of this new accounting update in 2018, for those investments without readily determinable fair values, we elected to record these investments at cost, less impairment, if any, plus or minus subsequent adjustments for observable price changes. The adoption of ASU 2016-01 using a modified retrospective method and reclassified unrealized losses of US\$97.9 million, net of tax on investment securities which were previously accounted for as available-for-sales investments, from accumulated other comprehensive losses to the opening balance of retained earnings on June 1, 2018. The full retrospective application of ASU 2016-01 is not permitted under U.S. GAAP.

ASC 842 was adopted on June 1, 2019 using the modified retrospective transition approach by applying the new lease standard to all leases existing as of June 1, 2019, and no adjustments were made to the comparative periods. The consolidated balance sheets and the consolidated statements of operations and cash flows for reporting periods beginning after June 1, 2019 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under ASC 840. The adoption of ASC 842 did not have a material impact on the consolidated statements of operations or consolidated statements of cash flows, and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

The following alternative disclosures with respect to certain items identified above which are relevant to us have been included in the Prospectus:

- (a) disclosure of the accounting policies for the adoption of ASC 606, ASU 2016-01 and ASC 842 as well as the impact of adoption, if any, in the Accountants' Report in Appendix I to the Prospectus; and
- (b) for the new accounting standard that came into effect during the Track Record Period, the accounting policy as well as the impact of adoption, if any, to the beginning retained earnings of initial application (i.e., June 1, 2017, 2018 and 2019) has been disclosed in the Accountants' Report in Appendix I in accordance with the relevant requirements under U.S. GAAP.

As the Prospectus has included the above alternative disclosures and the current disclosure in the Prospectus contains all information that is necessary for investors to make an informed assessment of our business, asset and liability, financial position, trading position, management and prospect of our Group, we believe that it would be of no material value to the Hong Kong investors and be unduly burdensome for the Accountants' Report in Appendix I 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 and that the non-disclosure of such information will not prejudice the interests of investors.

We have 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. We have 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 exemption referred to above 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 October 29, 2020.

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").

We had more than 300 subsidiaries (including our consolidated affiliated entities) as of May 31, 2020, and our ADSs are widely held, publicly traded and listed on the NYSE. We consider that we are therefore not in a position to control the investment decisions of our shareholders or the investing public in the US. Solely based on public filings with the SEC as of the Latest Practicable Date, other than Mr. Michael Minhong Yu (“**Mr. Yu**”), our founder and executive Chairman, there are no other shareholders who held 10% or more of our total issued share capital.

Mr. Yu (our founder and executive Chairman) may from time to time use his interests in our Shares as security (including charges and pledges) in connection with financing activities. As of the Latest Practicable Date, Mr. Yu, including through Tigerstep Developments Limited, beneficially owned an aggregate of 19,750,272 Shares and none of his Shares was used as security.

On the basis of the above, we consider 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) Mr. Yu, our founder and executive Chairman, in respect of the use of his Shares as security (including, for the avoidance of doubt, using 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) our directors other than Mr. Yu, and the directors and chief executives of our Significant Subsidiaries other than Mr. Yu, in respect of their respective use of the Shares as security (including, for the avoidance of doubt, using 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 2**”);
- (c) directors, chief executives and substantial shareholders of our non-Significant Subsidiaries and their close associates (“**Category 3**”); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our substantial shareholder (as defined in the Hong Kong Listing Rules) and who is not its director or chief executive, or a director or chief executive of our subsidiaries (including our consolidated affiliated entities), or their close associates (“**Category 4**”).

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 and Category 2 who use their respective Shares other than as described in “— Dealings in Shares prior to Listing” in the Prospectus are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.

We believe, subject to the conditions set forth below, the dealings in our securities by our core connected persons will not prejudice the interests of the potential investors of our Company and are aligned with the principles in the Hong Kong Stock Exchange’s Guidance Letter GL42-12.

We have 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 subject to the following conditions:

- (a) where Categories 1 and 2 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares during the Relevant Period;
- (b) Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any of our non-public inside information given that such persons are not in a position with access to information that is considered material to us taken as a whole. Given the large number of our subsidiaries (including our consolidated affiliated entities) and our vast ADS holder base, we and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in our ADSs;
- (c) we 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. (including the NYSE rules) and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which we are aware;
- (d) we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our core connected persons during the Relevant Period when we become aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (e) 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 our 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 RSUs, incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under our Group’s share incentive plans.

SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

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/her/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 of the Hong Kong Listing Rules are fulfilled.

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 of the Hong Kong Listing Rules 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.

As a company listed on the NYSE, we are not in a position to prevent any person or entity from acquiring our listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for us to seek the prior consent of the Hong Kong Stock Exchange for each of our existing shareholders or their close associates who subscribe for Shares in the Global Offering. Since we do not require shareholders' approval in order to proceed with the Global Offering, any persons (other than our directors and senior management) who may, as a result of dealings, become our shareholders (together, the "**Permitted Existing Shareholders**") would have no influence over the Global Offering and would not be in possession of any non-public inside information and would therefore effectively be in the same position as any of the public investors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules in respect of the restriction on Permitted Existing Shareholders to subscribe for or purchase Shares in the Global Offering, subject to the following conditions:

- (a) each Permitted Existing Shareholder is interested in less than 5% of our issued share capital immediately before the Listing;
- (b) each Permitted Existing Shareholder is neither our director nor member of the senior management of our Company and its Significant Subsidiaries;
- (c) the Permitted Existing Shareholders do not have the power to appoint directors or any other special rights in us;
- (d) the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and places in the Global Offering;
- (e) the Permitted Existing Shareholders and their close associates will be subject to the same bookbuilding and allocation process as other investors in the Global Offering; and

- (f) we, the Joint Representatives and the Joint Sponsors, to the best of our knowledge and belief (and based on discussions between us and the Joint Representatives and confirmations required to be submitted to the Hong Kong Stock Exchange by us and the Joint Representatives), will or have confirmed to the Hong Kong Stock Exchange in writing that no preferential treatment 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 us.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in our 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 our issued share capital after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for us 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.

PRINTED PROSPECTUSES

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules, we are required to make available copies of the Prospectus in printed form.

We do not intend to provide printed copies of the Prospectus or of the white and yellow application forms to the public in relation to the Hong Kong Public Offering. A fully electronic application process with a paperless prospectus and application forms is in line with the initiatives and the amendments proposed under the consultation paper issued by the Hong Kong Stock Exchange titled *Proposals to Introduce a Paperless Listing & Subscription Regime, Online Display of Documents and Reduction of the Types of Documents on Display* dated July 2020 (the “**July 2020 Consultation Paper**”). Further, electronic, in lieu of printed, prospectuses and application forms will help mitigate the environmental impact of printing, including the exploitation of natural resources, in line with recent amendments to the Hong Kong Listing Rules relating to environmental, social and governance matters. As the Hong Kong Stock Exchange noted on page 5 of the July 2020 Consultation Paper, “*printed form listing documents have been rendered out-of-date with the advancement of technology*” and that “*it is more environmentally friendly and cost efficient to require issuers to only publish listing documents online and list on the Exchange by electronic means.*”

We also note that in light of the severity of the ongoing COVID-19 pandemic, the provision of a printed prospectus and printed white and yellow application forms will elevate the risk of contagion of the virus through printed materials. As of the Latest Practicable Date, the government of Hong Kong continued to have in place social distancing measures to restrict public gatherings. While it is not possible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date, in this uncertain environment, a fully electronic application process will reduce the need for prospective investors to gather in public in connection with the Hong Kong Public Offering.

We have adopted a fully electronic application process for the Hong Kong Public Offering and will not provide printed copies of the Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Hong Kong Share Registrar has implemented enhanced measures to support **White Form eIPO** Service, including increasing its server capacity and making available a telephone hotline to answer investors' queries in connection with the fully electronic application process. For details of the telephone hotline and the application process, please see "How to Apply for Hong Kong Offer Shares" in the Prospectus.

We will publish the formal notice with respect to our Hong Kong Public Offering on the official websites of the Hong Kong Stock Exchange and our Company and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription and the enhanced support provided by our Hong Kong Share Registrar in relation to the Hong Kong Public Offering and reminding investors that no printed prospectuses or application forms will be provided.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of providing copies of the Prospectus in printed form based on our specific and prevailing circumstances.

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 our equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates.

Under the Joint Policy Statement, 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; or
- (b) it publishes a "next day disclosure return" in strict compliance with Rule 13.25A of the Hong Kong Listing Rules, regardless of the waiver of general effect from Rule 13.25B of the Hong Kong Listing Rules for secondary listed issuers; 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.

As we have obtained a partial exemption from strict compliance with Part XV of the SFO from the SFC, we have 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. We will disclose information about share repurchases, if material, in our quarterly earnings releases and annual reports on Form 20-F which are furnished or filed with the SEC in accordance with applicable U.S. rules and regulations.

SHAREHOLDER PROTECTION REQUIREMENTS

For an overseas issuer seeking a secondary listing on the Hong Kong Stock Exchange, Rule 19.30(1)(b) of the Hong Kong Listing Rules requires the Hong Kong Stock Exchange to be satisfied that the overseas issuer's primary listing is or is to be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. Rule 19C.06 of the Hong Kong Listing Rules provides that Appendices 3 and 13 to the Hong Kong Listing Rules do not apply to an overseas issuer that is a Non-Greater China Issuer (as defined in the Hong Kong Listing Rules) or a Grandfathered Greater China Issuer seeking a secondary listing under Chapter 19C of the Hong Kong Listing Rules. Rule 19C.07 of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange will consider that a Grandfathered Greater China Issuer seeking a secondary listing has met the requirements of Rule 19.30(1)(b) of the Hong Kong Listing Rules if it has met the shareholder protection standards by reference to eight criteria set out in Rule 19C.07 of the Hong Kong Listing Rules.

We are a Grandfathered Greater China Issuer under Chapter 19C of the Hong Kong Listing Rules.

Approval, removal and remuneration of auditors

Rule 19C.07(3) of the Hong Kong Listing Rules requires the appointment, removal and remuneration of auditors to be approved by a majority of the Qualifying Issuer's (as defined in the Hong Kong Listing Rules) members or other body that is independent of the issuer's board of directors (the "**Auditors Provision**").

Our Articles do not contain an equivalent Auditors Provision. Pursuant to our Articles, the Board has the power to appoint, remove and remunerate the auditors instead. Although the Board has such a power, it has formally delegated this function to our audit committee (the "**Audit Committee**") since our listing on the NYSE in September 2006.

The Audit Committee is akin to an independent body of the Board on the basis of the independence requirements set out in applicable U.S. laws and the NYSE rules. The Audit Committee comprises of three members, all of whom are independent directors as required by the U.S. Exchange Act and applicable NYSE rules. See "Directors and Senior Managers — Board Committees — Audit Committee" for the current members of the Audit Committee, each of whom has further confirmed his "independence" under the Hong Kong Listing Rules with reference to the factors set out in Rule 3.13 of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 19C.07(3) of the Hong Kong Listing Rules.

Requisition of extraordinary general meetings of shareholders

Rule 19C.07(7) of the Hong Kong Listing Rules requires that members holding a minority shareholding in an issuer's total number of issued shares must be able to requisition an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer. The minimum stake as currently set out in our Articles is not less than 33% of the our share capital and the quorum for transacting business at a general meeting is at least two shareholders holding in aggregate at least one-third of our voting shares.

We will amend the Articles after the Listing to comply with Rule 19C.07(7) of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 19C.07(7) of the Hong Kong Listing Rules, subject to the following conditions:

- (a) we will put forth resolutions at or before the next AGM in 2021 after the Listing (the “**2021 AGM**”), and giving at least 14 days’ notice to our members of the 2021 AGM, to revise our Articles, so that (sub-Paragraphs (i) to (iv) below shall collectively be the “**Proposed Resolutions**”):
 - (i) we are required to convene an AGM each year;
 - (ii) we are required to provide at least 14 days’ notice for any of our general meetings;
 - (iii) the minimum stake required to convene an extraordinary general meeting and add resolutions to a meeting agenda will be 10% of the voting rights, on a one vote per share basis, in our share capital; and
 - (iv) the quorum for transacting business at our general meeting will be lowered from the current two shareholders holding in aggregate at least one-third of our voting share capital to two shareholders holding in aggregate at least 10% of our aggregate voting share capital (together with the resolution at sub-Paragraph (iii) above, the “**10% Requisition Resolution**”).
- (b) we obtained an irrevocable undertaking prior to the Listing from Tigerstep Developments Limited (“**Tigerstep**”), our substantial shareholder, and Mr. Yu, the shareholder of Tigerstep and our ultimate substantial shareholder, that they will use the voting rights of Mr. Yu and Tigerstep to: (i) vote in favor of the Proposed Resolutions; and (ii) in the event that any shareholder(s) holding not less than 10% of the aggregate our voting share capital request(s) for a general meeting of our Company to be convened, to (1) exercise its right as a shareholder to support the requisition and quorum; and (2) use all commercially reasonable efforts to procure other shareholders to support the requisition and quorum of such general meeting, and shall continue to do so for subsequent requests in the event that the Proposed Resolutions are not passed by shareholders in such general meeting, with effect from the Listing and to the extent that Mr. Yu and/or Tigerstep continues to control 10% or more of our voting capital.

- (c) the Board (including Mr. Yu) will undertake to us that:
- (i) it will convene a general meeting at the request of shareholders holding not less than 10% of the voting rights, if so requested, prior to the 2021 AGM when the Proposed Resolutions are put forth for shareholders' approval; and
 - (ii) if the shareholders do not approve the 10% Requisition Resolution at the 2021 AGM, (A) Mr. Yu will, to the extent that he continues to control 10% or more of our voting capital, put forth the 10% Requisition Resolution at each subsequent AGM, and (B) the Board will continue to convene a general meeting at the request of shareholders holding not less than 10% of our voting rights until the Proposed Resolutions are approved.
- (d) our Company and our board will give an undertaking before the Listing that we will convene an AGM each year with at least 14 days of notice after the Listing, beginning from 2021 should the Listing occur in 2020, and for so long as we remain listed on the Hong Kong Stock Exchange, in the event that the Proposed Resolutions are not approved by our shareholders, put forth the Proposed Resolutions (to the extent not yet passed) at each AGM until all of the Proposed Resolutions are passed.
- (e) we will issue a press release announcing the Board's support publicly for the Proposed Resolutions each year after the Listing until the Proposed Resolutions are adopted.

APPOINTMENT, REMOVAL AND REMUNERATION OF AUDITORS

Paragraph 17 of Appendix 3 to the Hong Kong Listing Rules requires that the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors. Such rule is equivalent to the then rule 19C.07(3) of the Hong Kong Listing Rules (repealed after December 31, 2021).

The board of directors of the Company has delegated the power to appoint, remove and remunerate the auditors to the audit committee to the board, being an independent body of the board on the basis of the independent requirements as set out in the applicable U.S. laws and the NYSE rules, and which comprises of three members, all of whom are independent directors as required by the applicable U.S. laws and the applicable NYSE rules.

At the time of its secondary listing in Hong Kong, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from the strict compliance with rule 19C.07(3) of the Hong Kong Listing Rules. Such waiver will continue to apply to the Company after paragraph 17 of Appendix 3 to the Hong Kong Listing Rules came into effect.

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 to 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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and our subsidiaries (including our consolidated affiliated entities) to be disclosed in the Prospectus.

We have identified 12 entities as our Significant Subsidiaries. For further details, see “History — History and Development — Significant Subsidiaries” in the Prospectus. We had more than 300 subsidiaries (including our consolidated affiliated entities) as of May 31, 2020. We believe that it would be unduly burdensome for us to disclose this information in respect of all of our subsidiaries (including our consolidated affiliated entities) as we 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 Significant Subsidiaries include all of our subsidiaries (including our consolidated affiliated entities) that meet the financial threshold for “significant subsidiaries” under Regulation S-X in the U.S. (*i.e.*, contributing more than 10% of our Group’s total assets and income) and are representative of our business (including those that hold major assets and intellectual property rights of our Group). None of the non-Significant Subsidiaries is individually material to us in terms of its contribution to our Company’s total net revenues, total net income or total assets or holds any major assets and intellectual property rights. By way of illustration, the Significant Subsidiaries (together with their controlled entities) accounted for, in aggregate, approximately 88.5% and 96.7% of the total consolidated assets and net revenues of our Group as at May 31, 2020, respectively. As such, we have disclosed the particulars of the changes in our share capital and the share capital of the Significant Subsidiaries in “Statutory and General Information — Further Information About Us” in Appendix IV of the Prospectus, and particulars of the commissions, discounts, brokerage fee and authorized debentures in respect of our Significant Subsidiaries are set out in “Statutory and General Information — Other Information — Miscellaneous” in Appendix IV of the Prospectus.

We have 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. We have applied for, and the SFC has granted, an exemption from strict compliance with 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 above 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 October 29, 2020.

DISCLOSURE OF INFORMATION ON SUBSIDIARIES WHOSE PROFITS OR ASSETS MAKE MATERIAL CONTRIBUTIONS TO US

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 us, or whose profits or assets make, or will make, a material contribution to the figures in the accountants' report or the next published accounts.

We believe that it would be unduly burdensome for us to procure this information for the reasons as set out in “— Particulars of any Commissions, Discounts and Brokerages, Alteration of Capital and Authorized Debentures” in the Prospectus. As such, only the particulars in relation to our Significant Subsidiaries are set out in “History — History and Development — Significant Subsidiaries” in the Prospectus and “Statutory and General Information — Further Information About Us” in Appendix IV of the Prospectus, which should be sufficient for potential investors to make an informed assessment of our Company in their investment decisions.

We have 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. We have applied for, and the SFC has granted, an exemption from strict compliance with 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 exemption was granted 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 October 29, 2020.

DISCLOSURE REQUIREMENT OF OPTIONS

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

We and our subsidiaries (including our consolidated affiliated entities) may, from time to time, adopt equity incentive plans, including: (a) our share incentive plan adopted in 2006 and which expired in 2016 (the “**2006 Share Incentive Plan**”); and (b) our share incentive plan adopted in January 2016 for the issue of up to 10,000,000 Shares (the “**2016 Share Incentive Plan**”, and together with the 2006 Share Incentive Plan, the “**Share Incentive Plans**”). These equity incentive plans, aside from those adopted by Koolearn, the our majority-controlled subsidiary that is separately listed on the Hong Kong Stock Exchange, are not subject to Chapter 17 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules. The equity incentive plans allow us and our subsidiaries (including our consolidated affiliated entities) to grant awards (including options) to employees, directors and consultants. The waiver therefore only relates to the options that are granted or may be granted under the Share Incentive Plans and disclosures relating to the equity incentive plans adopted by Koolearn (as further set out below).

Details of the 2016 Share Incentive Plan are disclosed in “Directors and Senior Management — Compensation — Share Incentive Plans” in the Prospectus. The disclosure is substantially the same as those in our 20-F filings and comply with applicable U.S. laws and regulations. As at the Latest Practicable Date, there were no outstanding options under the Share Incentive Plans.

Our majority-controlled subsidiary, Koolearn, is separately listed on the Hong Kong Stock Exchange and has also adopted equity incentive plans, namely: (a) a pre-IPO share option scheme in July 2018 for the issue of up to 47,836,985 shares in Koolearn (the “**Koolearn Pre-IPO Share Option Scheme**”); and (b) a post-IPO share option scheme in January 2019 in accordance with Chapter 17 of the Hong Kong Listing Rules (the “**Koolearn Post-IPO Share Option Scheme**”, and collectively with the Koolearn Pre-IPO Share Option Scheme, the “**Koolearn Share Incentive Plans**”).

Details of the Koolearn Share Incentive Plans are disclosed in “Directors and Senior Management — Compensation — Koolearn Share Option Schemes” in the Prospectus.

In addition to this disclosure, as a primary listed company on the Main Board of the Hong Kong Stock Exchange, Koolearn is required to make, and will continue to make, full disclosures in accordance with the requirements under the Hong Kong Listing Rules and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applicable) for as long as its shares remain listed on the Hong Kong Stock Exchange. Full disclosures on the Koolearn Share Incentive Plans have been, and will continue to be, made to Hong Kong investors and the general public through Koolearn’s own public filings accessible on the websites of the Hong Kong Stock Exchange and Koolearn (www.koolearn.hk), and which are in full compliance of: (a) with respect to Koolearn Pre-IPO Share Option Scheme, 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; and (b) with respect to the Koolearn Post-IPO Share Option Scheme, Chapter 17 of the Hong Kong Listing Rules. In particular, reference is made to the prospectus issued by Koolearn on March 15, 2019 and its annual report for the fiscal year ended May 31, 2020, issued on September 14, 2020.

For the reasons stated above, we believe that strict compliance with the above requirements would be unduly burdensome, unnecessary and/or inappropriate for us, and would not be material or meaningful to Hong Kong investors.

We have 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 Hong Kong Listing Rules.

DISCLOSURE REQUIREMENTS OF THE REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WHOSE EMOLUMENTS WERE 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 May 31, 2018, 2019 and 2020. 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 "Directors and Senior Management — Compensation" in the Prospectus. We confirm that the current disclosure complies with U.S. annual reporting requirements and is in line with our disclosure in our annual reports on Form 20-F.

We believe 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.

We have 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.

DISCLOSURE OF INTERESTS INFORMATION

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

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."

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

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

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 Prospectus.

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:

- (a) **The Public Offer Price will be determined by reference to our Company's ADS price:** As our Company's ADSs are listed and actively traded on the NYSE, it will not be appropriate for our Company to adopt the conventional pricing methods in the proposed Hong Kong Public Offering. With a view to aligning the interest of securities holders in both U.S. and Hong Kong, the Public Offer Price will be determined with reference to, among other factors, the closing price of our Company's ADSs on the NYSE on the last trading day on or before the Price Determination Date. The market price of our Company's ADSs traded on the NYSE is subject to various factors including the overall market conditions, the global economy, the industry updates, etc., and is not within the control of our Company;
- (b) **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 the Company's Shares, which may adversely affect the market price of the ADSs of our Company and the Offer Shares; and
- (c) **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 a 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.

We 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 the NYSE on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this prospectus and/or (b) we believe that it is in the best interest of the 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 bookbuilding 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. In no circumstances will we set the Public Offer Price above the maximum Public Offer Price as stated in this prospectus or the International Offer Price.

We have 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; and (ii) the historical prices of our ADS and trading volume on the NYSE.

CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of the Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, in the event of over-subscription, the Joint Representatives shall apply clawback mechanism as set out below following the closing of the application lists with reference to the final offering size of the Global Offering (assuming the Over-allotment Option is not exercised) based on the offer price determined on the Price Determination Date.

Based on the current market conditions, the Joint Representatives shall apply a clawback mechanism following the closing of the application lists on the following basis:

- (a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 40 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 765,900 Shares, representing 9% of the Offer Shares initially available under the Global Offering;

- (b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 40 times or more but less than 80 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 1,021,200 Shares, representing 12% of the Offer Shares initially available under the Global Offering; and
- (c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 80 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 2,042,400 Shares, representing 24% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition, the Joint Representatives may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In the event the size of the Global Offering falls below HK\$8.34 billion, the aforementioned clawback waiver would no longer be applicable, and the clawback mechanism as set out in paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules would apply.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Public Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

See “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in the Prospectus.

NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE

Section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to “public companies in Hong Kong.” The note to Section 4.2 of the Introduction to the Takeovers Code provides that a Grandfathered Greater China Issuer within the meaning of Rule 19C.01 of the Hong Kong Listing Rules with a secondary listing on the Hong Kong Stock Exchange will not normally be regarded as a public company in Hong Kong under Section 4.2 of the Introduction to the Takeovers Code. Where the bulk of trading in the shares of a Grandfathered Greater China Issuer migrates to Hong Kong such that it would be treated as having a dual-primary listing in Hong Kong pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Code will apply to it.

We have 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 Code.

DISCLOSURE OF INTERESTS UNDER PART XV OF THE SFO

Part XV of the SFO imposes duties of disclosure of interests in the securities of companies whose securities are listed on the Hong Kong Stock Exchange on the relevant company, its substantial shareholders and its directors/chief executives. Under the U.S. Exchange Act, 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 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 us and our corporate insiders would provide our investors with sufficient information relating to the shareholding interests of our significant shareholders.

We have applied for, and the SFC has granted, a partial exemption from Part XV of the SFO (other than Divisions 5, 11 and 12) on the following conditions:

- (a) 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 Hong Kong Listing Rules;
- (b) the disclosures of interest filed with the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosure in the same manner as disclosures made under Part XV of the SFO; and
- (c) we 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 worldwide share turnover that takes place on the Hong Kong Stock Exchange.

COMPLIANCE WITH PARAGRAPHS 15, 16 AND 21 OF APPENDIX 3 TO THE HONG KONG LISTING RULES

SUPER-MAJORITY VOTE THRESHOLD

Paragraph 15 of Appendix 3 to the Hong Kong Listing Rules requires that a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights. Paragraph 16 of Appendix 3 to the Hong Kong Listing Rules requires that a super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed. Paragraph 21 of Appendix 3 to the Hong Kong Listing Rules requires that super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

Note 1 of paragraph 15 of Appendix 3 to the Hong Kong Listing Rules provides that a “super-majority vote” means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class. Note 1 of each of paragraphs 16 and 21 of Appendix 3 to the Hong Kong Listing Rules provides that a “super-majority vote” means at least three-fourths of the voting rights of the members present and voting in person or by proxy at the general meeting.

Pursuant to the consultation paper of the Hong Kong Stock Exchange for the listing regime for overseas issuers issued in March 2021, the Hong Kong Stock Exchange stated that it does not intend to impose a higher threshold on existing issuers currently subject to the key shareholder protection standards under the “Joint policy statement regarding the listing of overseas companies” published jointly by the Hong Kong Stock Exchange and the Securities and Futures Commission (the “**JPM Standards**”). Such JPM Standards define a “super-majority vote” as a “two-third majority”. The Hong Kong Stock Exchange also stated that these issuers will be considered to be in compliance with the core protection standards in the current Appendix 3 to the Hong Kong Listing Rules if they complied with the requirements that were applicable to them in this regard at listing, and the Hong Kong Stock Exchange does not expect such existing listed issuers to be required to make amendments to their constitutional documents to comply with this standard.

As the Company has complied with the requirements that were applicable to the Company at its secondary listing, with the equivalent concept of “super-majority” in the Current M&AA being “majority of not less than two-thirds”, according to the said consultation paper and as confirmed by the Hong Kong Stock Exchange, the Company is considered to be in compliance with the core protection standards under Appendix 3 to the Hong Kong Listing Rules and is not required to make amendments to its constitutional documents in accordance with paragraphs 15, 16, and 21 of Appendix 3 to the Hong Kong Listing Rules.

**A2. Blacklined comparison against the previous version
as at November 28, 2023**

WAIVERS AND EXEMPTIONS

The following waivers and exemptions have been applied for and granted by the Hong Kong Stock Exchange and/or the SFC. Unless the context requires otherwise, capitalized terms used herein shall have the meanings given to them in the Company's prospectus ("**Prospectus**") dated October 29, 2020 and references to sections of the Prospectus shall be construed accordingly.

<u>Relevant rule(s) waived</u>	<u>Subject matter</u>
Rule 2.07A of the Hong Kong Listing Rules	Printed Corporate Communications
Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules	Investments and Acquisitions after the Track Record Period
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
Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in Shares prior to Listing
Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by Existing Shareholders
Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules	Printed Prospectuses
Rule 13.25B of the Hong Kong Listing Rules	Monthly Return
Rule 19C.07(3) and (7) of the Hong Kong Listing Rules	Shareholder Protection Requirements
<u>Paragraph 17 of Appendix 3 to the Hong Kong Listing Rules</u>	<u>Appointment, Removal and Remuneration of Auditors</u>
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 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 Material Contributions to Us

Relevant rule(s) waived	Subject matter
Paragraph 27 of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of Options
Paragraphs 33(2), 33(3), 46(2) and 46(3) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments Were Highest
Paragraphs 41(4) and 45 of Appendix 1A to and Practice Note 5 of the Hong Kong Listing Rules	Disclosure of Interests Information
Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules	Disclosure of Offer Price
Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules	Clawback Mechanism
Section 4.1 of the Introduction to the Takeovers Codes	Not a public company in Hong Kong under Takeovers Code
Part XV of the SFO	Disclosure of interests under Part XV of the SFO

<u>Compliance with paragraphs 15, 16, and 21 of Appendix 3 to the Hong Kong Listing Rules</u>	<u>Subject matter</u>
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<u>Paragraphs 15, 16 and 21 of Appendix 3 to the Hong Kong Listing Rules</u>	<u>Super-majority Vote Threshold</u>
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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 ADSs have been listed on the NYSE since 2006. We have a diverse shareholder base with ADS holders globally.

We do not currently produce or send out any corporate communications to our shareholders or holders of ADSs in printed form unless requested or in limited circumstances. We publicly file or furnish various corporate communications with the SEC which are posted on the SEC's website. Our annual reports on Form 20-F and current reports on Form 6-K and all amendments to these reports are also available free of charge on our website as soon as reasonably practicable after they are filed with or furnished to the SEC. Further, we will post our proxy materials and notices to our shareholders and holders of ADSs on a publicly accessible website. In addition, the depositary bank which administers our ADS program will send a notice as well as an ADS voting instruction card to our ADS holders.

Apart from the Hong Kong Offer Shares that we 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 diverse shareholder base and the potential number of countries in which our shareholders are located, we consider that it would not be practicable for us to send printed copies of all our corporate communications to all of our shareholders. Further, we consider that it would also not be practicable for us to approach our 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.

We have 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 we will:

- (a) issue all future corporate communications as required by the Hong Kong Listing Rules on our 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 to our shareholders at no costs upon request; and
- (c) ensure that the "Investor Relations" page of our website (investor.neworiental.org) will direct investors to all of our future filings with the Hong Kong Stock Exchange.

INVESTMENTS AND ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Hong Kong Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Ordinary course Investments since May 31, 2020

During the Track Record Period, we have made minority investments in a number of companies both in China and overseas in our ordinary and usual course of business to further our strategic objectives. Since May 31, 2020 and up to the Latest Practicable Date, we have made or proposed to make minority investments in a number of companies, and we expect to continue to enter into further minority investments subsequent to the Latest Practicable Date and prior to the date of the Listing Document (collectively, the “Investments”). Details of the Investments up to the Latest Practicable Date include:

<u>Investment</u> ⁽³⁾	<u>Consideration</u> ⁽¹⁾⁽²⁾ <i>(in millions)</i> <i>(approx.)</i>	<u>Percentage of shareholding/ equity interest</u> ⁽²⁾	<u>Principal business activities</u>
Company A	RMB100.00 (approximately US\$14.02)	3.125%	Technology Business
Company B	US\$8.00	5.81%	Education Technology Business
Company C	RMB3.75 (approximately US\$0.53)	5%	Technology Business

Notes:

- (1) The above exchange rate was calculated at US\$1 to RMB7.1348 (being the exchange rate disclosed in our Form 20-F filed with the SEC on September 16, 2020).
- (2) The approximate consideration disclosed in the table represents each of the Investments. The percentage of shareholding/equity interest represents our total pro forma shareholding in each of the Investments after the completion of the relevant transaction.
- (3) None of the core connected persons at the level of our Company is a controlling shareholder of any of the Investments.

We confirm that the investment amounts for each of the Investments are the result of commercial arm’s length negotiations, based on factors including market dynamics, a mutually agreed valuation, and/or capital need of the relevant company’s operations.

Conditions for granting the waiver and its scope in respect of the Investments

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Investments on the following grounds:

Ordinary and usual course of business

We make equity investments in sectors relating to our business as part of our ordinary and usual course of business. We have a history of making minority investments and have conducted a number of minority investments during the Track Record Period.

The percentage ratios of each Investment are all less than 5% by reference to the most recent fiscal year of our Company's Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for each of the Investments are all significantly less than 5% by reference to the most recent fiscal year of the Track Record Period. We do not believe that the Investments are subject to aggregation under Rule 14.22 of the Hong Kong Listing Rules, because (i) each of the Investments involves the acquisition of interests in a different company and (ii) the Investments were entered into, or are expected to be entered into, with different counterparties.

Accordingly, we believe that the Investments have not resulted in, and do not expect the Investments to result in, any significant changes to our financial position since May 31, 2020, and all information that is reasonably necessary for potential investors to make an informed assessment of our activities or financial position has been included in the Listing Document. As such, we consider that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

We are not able to exercise any control over the underlying company or business

We only hold and/or will only hold a minority equity interest in each of the Investments and do not control their boards of directors, and expect this to remain the case for any subsequent Investments. We are also not involved in the day to day management of these Investments and only enjoy minority strategic shareholder rights.

The minority rights given to us are generally commensurate to our status as a minority shareholder and are for the protection of our interests as a minority stakeholder in the Investments. These rights are neither intended, nor sufficient to compel or require the relevant companies to prepare or to disclose in the Prospectus audited financial statements for the purposes of compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules. These disclosures are also not required pursuant to applicable U.S. securities laws. It could be prejudicial and potentially harmful to our portfolio relationships and commercial interests to make such disclosures. In addition, as some portfolio companies are private, disclosing this information could harm their interests and bring them into an unfavorable competitive position. Accordingly, as we do not expect the Investments to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interest of the investors.

Alternative disclosure of the Investments in the Prospectus

We have disclosed alternative information about the Investments in the Prospectus. Such information includes those which would be required for a disclosable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of the relevant companies' principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of our Company is a controlling shareholder of any of the Investments. We have however excluded disclosure on the names of companies in connection with the Investments in the Prospectus because: (i) we have entered into confidentiality agreements with these companies and do not have consent for such disclosure; and/or (ii) the transactions have not been disclosed, and are not required to be disclosed, under U.S. regulations. It is commercially sensitive to disclose the identities of the companies we have invested in or propose to invest in as such information may enable our competitors to anticipate our investment strategy. Since the relevant percentage ratio of each Investment is less than 5% by reference to the most recent fiscal year of our Track Record Period, we believe the current disclosure is adequate for potential investors to form an informed assessment of us. We do not expect to use any proceeds from the Listing to fund the Investments.

Acquisitions since May 31, 2020

Since May 31, 2020 and up to the Latest Practicable Date, we have made or proposed to make a number of acquisitions of a majority interest in certain companies, and expect to continue to enter into further acquisitions subsequent to the Latest Practicable Date and prior to the date of the Listing Document (collectively, the “**Acquisitions**”). Details of the Acquisitions up to the Latest Practicable Date include:

<u>Targets⁽²⁾</u>	<u>Consideration⁽¹⁾⁽³⁾</u> <i>(in millions)</i> <i>(approx.)</i>	<u>Percentage of shareholding/ equity interest⁽³⁾</u>	<u>Principal business activities</u>
Company D	JPY285.00 (approximately US\$2.72)	100%	Education Business
Company E	RMB35.19 (approximately US\$4.93)	100%	Education Business
Company F	RMB35.00 (corresponds to US\$4.91)	100%	Education Business
Company G	RMB15.75 (corresponds to US\$2.21)	100%	Education Business

Notes:

- (1) The above exchange rate was calculated at US\$1 to JPY104.59 (being the exchange rate published on Bloomberg on the Latest Practicable Date) and US\$1 to RMB7.1348 (being the exchange rate disclosed in our Form 20-F filed with the SEC on September 16, 2020).
- (2) None of the core connected persons at the level of our Company is a controlling shareholder of any of the Acquisitions.
- (3) The approximate consideration disclosed in the table represents each of the Acquisitions after May 31, 2020. The percentage of shareholding/equity interest represents our total pro forma shareholding in each of the Acquisitions after the completion of the relevant transaction.

The acquisition amounts for each of the Acquisitions are the result of commercial arm's length negotiations, based on factors including market dynamics, a mutually agreed valuation, and/or capital required for the target company's operations.

Conditions for granting the waiver and its scope in respect of the Acquisitions

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Acquisitions on the following grounds:

The percentage ratios of each Acquisition are all less than 5% by reference to the most recent fiscal year of our Company's Track Record Period

The relevant percentage ratios calculated in accordance with Rules 14.07 of the Hong Kong Listing Rules for the Acquisitions are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

We do not believe that the Acquisitions are subject to aggregation under Rule 14.22 of the Hong Kong Listing Rules, because: (i) each of the Acquisitions involves the acquisition of interests in a different company; and (ii) the Acquisitions were entered into, or are expected to be entered into, with different counterparties.

Accordingly, we believe that the Acquisitions have not resulted in, and do not expect the Acquisitions to result in, any significant changes to our financial position since May 31, 2020, and all information that is reasonably necessary for the potential investors to make an informed assessment of our activities or financial position has been included in the Prospectus. As such, we consider that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

The historical financial information of the targets is not available and would be unduly burdensome to obtain or prepare

The targets in respect of the Acquisitions do not have available historical financial information that is readily available for disclosure in the Prospectus in accordance with the Hong Kong Listing Rules. In addition, it would require considerable time and resources for us and our reporting accountants to fully familiarize themselves with the management accounting policies of the targets and compile the necessary financial information and supporting documents for disclosure in the Prospectus. As such, we believe that it would be impractical and unduly burdensome for us to disclose the audited financial information of the targets as required under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules.

In addition, having considered the Acquisitions to be immaterial and that we do not expect the Acquisitions to have any material effect on our business, financial condition or operations, we believe that it would not be meaningful and would be unduly burdensome for us to prepare and include the financial information of the targets during the Track Record Period in the Prospectus. As we do not expect the Acquisitions to result in any material changes to our financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interests of the investors.

Alternative disclosure of the Acquisitions in the Prospectus

We have provided alternative information about the Acquisitions in the Prospectus. Such information includes those which would be required for a disclosable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of the targets' principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of our Company is a controlling shareholder of any of the targets. We have however excluded disclosure on the names of targets in connection with the Acquisitions because: (i) we have entered into confidentiality agreements with these companies and do not have consent for such disclosure; and/or (ii) the transactions have not been disclosed, and are not required to be disclosed, under U.S. regulations. Since the relevant percentage ratio of each Acquisition is less than 5% by reference to the most recent fiscal year of the Track Record Period, we believe the current disclosure is adequate for potential investors to form an informed assessment of us. We do not expect to use any proceeds from the Listing to fund the Acquisitions.

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, we have applied the modified retrospective transition approach to account for the impact of the adoption of the new accounting standards in the Track Record Period. Under the modified retrospective method adopted by us, comparative periods in the latest consolidated financial statements are not retrospectively adjusted.

During the Track Record Period, we adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Update 2014-09 "Revenue from Contracts with Customers (Topic 606)" and related amendments and implementation guidance ("**ASC 606**"), Accounting Standards Update 2016-01 "Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities", including related technical corrections and improvements ("**ASU 2016-01**"), and Accounting Standards Update 2016-02 "Leases (Topic 842)", including certain transitional guidance and subsequent amendments ("**ASC 842**") The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the Accountants' Reports in Appendix I.

ASC 606 was adopted beginning June 1, 2018 using the modified retrospective method that increased retained earnings by approximately US\$1.1 million rather than retrospectively adjusting prior periods. Results for fiscal year 2019 are presented under ASC 606, while results for the comparative periods have not been adjusted and were reported in accordance with the previous revenue recognition standard under U.S. GAAP. The adoption of ASC 606 does not have any significant impact on the consolidated financial statements.

ASU 2016-01, which amends various aspects of the recognition, measurement, presentation, and disclosure for financial instruments, was adopted on June 1, 2018. After the adoption of this new accounting update in 2018, for those investments without readily determinable fair values, we elected to record these investments at cost, less impairment, if any, plus or minus subsequent adjustments for observable price changes. The adoption of ASU 2016-01 using a modified retrospective method and reclassified unrealized losses of US\$97.9 million, net of tax on investment securities which were previously accounted for as available-for-sales investments, from accumulated other comprehensive losses to the opening balance of retained earnings on June 1, 2018. The full retrospective application of ASU 2016-01 is not permitted under U.S. GAAP.

ASC 842 was adopted on June 1, 2019 using the modified retrospective transition approach by applying the new lease standard to all leases existing as of June 1, 2019, and no adjustments were made to the comparative periods. The consolidated balance sheets and the consolidated statements of operations and cash flows for reporting periods beginning after June 1, 2019 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under ASC 840. The adoption of ASC 842 did not have a material impact on the consolidated statements of operations or consolidated statements of cash flows, and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

The following alternative disclosures with respect to certain items identified above which are relevant to us have been included in the Prospectus:

- (a) disclosure of the accounting policies for the adoption of ASC 606, ASU 2016-01 and ASC 842 as well as the impact of adoption, if any, in the Accountants' Report in Appendix I to the Prospectus; and
- (b) for the new accounting standard that came into effect during the Track Record Period, the accounting policy as well as the impact of adoption, if any, to the beginning retained earnings of initial application (i.e., June 1, 2017, 2018 and 2019) has been disclosed in the Accountants' Report in Appendix I in accordance with the relevant requirements under U.S. GAAP.

As the Prospectus has included the above alternative disclosures and the current disclosure in the Prospectus contains all information that is necessary for investors to make an informed assessment of our business, asset and liability, financial position, trading position, management and prospect of our Group, we believe that it would be of no material value to the Hong Kong investors and be unduly burdensome for the Accountants' Report in Appendix I 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 and that the non-disclosure of such information will not prejudice the interests of investors.

We have 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. We have 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 exemption referred to above 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 October 29, 2020.

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").

We had more than 300 subsidiaries (including our consolidated affiliated entities) as of May 31, 2020, and our ADSs are widely held, publicly traded and listed on the NYSE. We consider that we are therefore not in a position to control the investment decisions of our shareholders or the investing public in the US. Solely based on public filings with the SEC as of the Latest Practicable Date, other than Mr. Michael Minhong Yu (“**Mr. Yu**”), our founder and executive Chairman, there are no other shareholders who held 10% or more of our total issued share capital.

Mr. Yu (our founder and executive Chairman) may from time to time use his interests in our Shares as security (including charges and pledges) in connection with financing activities. As of the Latest Practicable Date, Mr. Yu, including through Tigerstep Developments Limited, beneficially owned an aggregate of 19,750,272 Shares and none of his Shares was used as security.

On the basis of the above, we consider 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) Mr. Yu, our founder and executive Chairman, in respect of the use of his Shares as security (including, for the avoidance of doubt, using 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) our directors other than Mr. Yu, and the directors and chief executives of our Significant Subsidiaries other than Mr. Yu, in respect of their respective use of the Shares as security (including, for the avoidance of doubt, using 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 2**”);
- (c) directors, chief executives and substantial shareholders of our non-Significant Subsidiaries and their close associates (“**Category 3**”); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our substantial shareholder (as defined in the Hong Kong Listing Rules) and who is not its director or chief executive, or a director or chief executive of our subsidiaries (including our consolidated affiliated entities), or their close associates (“**Category 4**”).

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 and Category 2 who use their respective Shares other than as described in “— Dealings in Shares prior to Listing” in the Prospectus are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.

We believe, subject to the conditions set forth below, the dealings in our securities by our core connected persons will not prejudice the interests of the potential investors of our Company and are aligned with the principles in the Hong Kong Stock Exchange’s Guidance Letter GL42-12.

We have 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 subject to the following conditions:

- (a) where Categories 1 and 2 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares during the Relevant Period;
- (b) Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any of our non-public inside information given that such persons are not in a position with access to information that is considered material to us taken as a whole. Given the large number of our subsidiaries (including our consolidated affiliated entities) and our vast ADS holder base, we and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in our ADSs;
- (c) we 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. (including the NYSE rules) and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which we are aware;
- (d) we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our core connected persons during the Relevant Period when we become aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (e) 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 our 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 RSUs, incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under our Group’s share incentive plans.

SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

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/her/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 of the Hong Kong Listing Rules are fulfilled.

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 of the Hong Kong Listing Rules 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.

As a company listed on the NYSE, we are not in a position to prevent any person or entity from acquiring our listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for us to seek the prior consent of the Hong Kong Stock Exchange for each of our existing shareholders or their close associates who subscribe for Shares in the Global Offering. Since we do not require shareholders' approval in order to proceed with the Global Offering, any persons (other than our directors and senior management) who may, as a result of dealings, become our shareholders (together, the "**Permitted Existing Shareholders**") would have no influence over the Global Offering and would not be in possession of any non-public inside information and would therefore effectively be in the same position as any of the public investors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules in respect of the restriction on Permitted Existing Shareholders to subscribe for or purchase Shares in the Global Offering, subject to the following conditions:

- (a) each Permitted Existing Shareholder is interested in less than 5% of our issued share capital immediately before the Listing;
- (b) each Permitted Existing Shareholder is neither our director nor member of the senior management of our Company and its Significant Subsidiaries;
- (c) the Permitted Existing Shareholders do not have the power to appoint directors or any other special rights in us;
- (d) the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and places in the Global Offering;
- (e) the Permitted Existing Shareholders and their close associates will be subject to the same bookbuilding and allocation process as other investors in the Global Offering; and

- (f) we, the Joint Representatives and the Joint Sponsors, to the best of our knowledge and belief (and based on discussions between us and the Joint Representatives and confirmations required to be submitted to the Hong Kong Stock Exchange by us and the Joint Representatives), will or have confirmed to the Hong Kong Stock Exchange in writing that no preferential treatment 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 us.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in our 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 our issued share capital after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for us 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.

PRINTED PROSPECTUSES

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules, we are required to make available copies of the Prospectus in printed form.

We do not intend to provide printed copies of the Prospectus or of the white and yellow application forms to the public in relation to the Hong Kong Public Offering. A fully electronic application process with a paperless prospectus and application forms is in line with the initiatives and the amendments proposed under the consultation paper issued by the Hong Kong Stock Exchange titled *Proposals to Introduce a Paperless Listing & Subscription Regime, Online Display of Documents and Reduction of the Types of Documents on Display* dated July 2020 (the “**July 2020 Consultation Paper**”). Further, electronic, in lieu of printed, prospectuses and application forms will help mitigate the environmental impact of printing, including the exploitation of natural resources, in line with recent amendments to the Hong Kong Listing Rules relating to environmental, social and governance matters. As the Hong Kong Stock Exchange noted on page 5 of the July 2020 Consultation Paper, “*printed form listing documents have been rendered out-of-date with the advancement of technology*” and that “*it is more environmentally friendly and cost efficient to require issuers to only publish listing documents online and list on the Exchange by electronic means.*”

We also note that in light of the severity of the ongoing COVID-19 pandemic, the provision of a printed prospectus and printed white and yellow application forms will elevate the risk of contagion of the virus through printed materials. As of the Latest Practicable Date, the government of Hong Kong continued to have in place social distancing measures to restrict public gatherings. While it is not possible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date, in this uncertain environment, a fully electronic application process will reduce the need for prospective investors to gather in public in connection with the Hong Kong Public Offering.

We have adopted a fully electronic application process for the Hong Kong Public Offering and will not provide printed copies of the Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Hong Kong Share Registrar has implemented enhanced measures to support **White Form eIPO** Service, including increasing its server capacity and making available a telephone hotline to answer investors' queries in connection with the fully electronic application process. For details of the telephone hotline and the application process, please see "How to Apply for Hong Kong Offer Shares" in the Prospectus.

We will publish the formal notice with respect to our Hong Kong Public Offering on the official websites of the Hong Kong Stock Exchange and our Company and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription and the enhanced support provided by our Hong Kong Share Registrar in relation to the Hong Kong Public Offering and reminding investors that no printed prospectuses or application forms will be provided.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of providing copies of the Prospectus in printed form based on our specific and prevailing circumstances.

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 our equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates.

Under the Joint Policy Statement, 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; or
- (b) it publishes a "next day disclosure return" in strict compliance with Rule 13.25A of the Hong Kong Listing Rules, regardless of the waiver of general effect from Rule 13.25B of the Hong Kong Listing Rules for secondary listed issuers; 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.

As we have obtained a partial exemption from strict compliance with Part XV of the SFO from the SFC, we have 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. We will disclose information about share repurchases, if material, in our quarterly earnings releases and annual reports on Form 20-F which are furnished or filed with the SEC in accordance with applicable U.S. rules and regulations.

SHAREHOLDER PROTECTION REQUIREMENTS

For an overseas issuer seeking a secondary listing on the Hong Kong Stock Exchange, Rule 19.30(1)(b) of the Hong Kong Listing Rules requires the Hong Kong Stock Exchange to be satisfied that the overseas issuer's primary listing is or is to be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. Rule 19C.06 of the Hong Kong Listing Rules provides that Appendices 3 and 13 to the Hong Kong Listing Rules do not apply to an overseas issuer that is a Non-Greater China Issuer (as defined in the Hong Kong Listing Rules) or a Grandfathered Greater China Issuer seeking a secondary listing under Chapter 19C of the Hong Kong Listing Rules. Rule 19C.07 of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange will consider that a Grandfathered Greater China Issuer seeking a secondary listing has met the requirements of Rule 19.30(1)(b) of the Hong Kong Listing Rules if it has met the shareholder protection standards by reference to eight criteria set out in Rule 19C.07 of the Hong Kong Listing Rules.

We are a Grandfathered Greater China Issuer under Chapter 19C of the Hong Kong Listing Rules.

Approval, removal and remuneration of auditors

Rule 19C.07(3) of the Hong Kong Listing Rules requires the appointment, removal and remuneration of auditors to be approved by a majority of the Qualifying Issuer's (as defined in the Hong Kong Listing Rules) members or other body that is independent of the issuer's board of directors (the "**Auditors Provision**").

Our Articles do not contain an equivalent Auditors Provision. Pursuant to our Articles, the Board has the power to appoint, remove and remunerate the auditors instead. Although the Board has such a power, it has formally delegated this function to our audit committee (the "**Audit Committee**") since our listing on the NYSE in September 2006.

The Audit Committee is akin to an independent body of the Board on the basis of the independence requirements set out in applicable U.S. laws and the NYSE rules. The Audit Committee comprises of three members, all of whom are independent directors as required by the U.S. Exchange Act and applicable NYSE rules. See "Directors and Senior Managers — Board Committees — Audit Committee" for the current members of the Audit Committee, each of whom has further confirmed his "independence" under the Hong Kong Listing Rules with reference to the factors set out in Rule 3.13 of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 19C.07(3) of the Hong Kong Listing Rules.

Requisition of extraordinary general meetings of shareholders

Rule 19C.07(7) of the Hong Kong Listing Rules requires that members holding a minority shareholding in an issuer's total number of issued shares must be able to requisition an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer. The minimum stake as currently set out in our Articles is not less than 33% of the our share capital and the quorum for transacting business at a general meeting is at least two shareholders holding in aggregate at least one-third of our voting shares.

We will amend the Articles after the Listing to comply with Rule 19C.07(7) of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 19C.07(7) of the Hong Kong Listing Rules, subject to the following conditions:

- (a) we will put forth resolutions at or before the next AGM in 2021 after the Listing (the “**2021 AGM**”), and giving at least 14 days’ notice to our members of the 2021 AGM, to revise our Articles, so that (sub-Paragraphs (i) to (iv) below shall collectively be the “**Proposed Resolutions**”):
 - (i) we are required to convene an AGM each year;
 - (ii) we are required to provide at least 14 days’ notice for any of our general meetings;
 - (iii) the minimum stake required to convene an extraordinary general meeting and add resolutions to a meeting agenda will be 10% of the voting rights, on a one vote per share basis, in our share capital; and
 - (iv) the quorum for transacting business at our general meeting will be lowered from the current two shareholders holding in aggregate at least one-third of our voting share capital to two shareholders holding in aggregate at least 10% of our aggregate voting share capital (together with the resolution at sub-Paragraph (iii) above, the “**10% Requisition Resolution**”).
- (b) we obtained an irrevocable undertaking prior to the Listing from Tigerstep Developments Limited (“**Tigerstep**”), our substantial shareholder, and Mr. Yu, the shareholder of Tigerstep and our ultimate substantial shareholder, that they will use the voting rights of Mr. Yu and Tigerstep to: (i) vote in favor of the Proposed Resolutions; and (ii) in the event that any shareholder(s) holding not less than 10% of the aggregate our voting share capital request(s) for a general meeting of our Company to be convened, to (1) exercise its right as a shareholder to support the requisition and quorum; and (2) use all commercially reasonable efforts to procure other shareholders to support the requisition and quorum of such general meeting, and shall continue to do so for subsequent requests in the event that the Proposed Resolutions are not passed by shareholders in such general meeting, with effect from the Listing and to the extent that Mr. Yu and/or Tigerstep continues to control 10% or more of our voting capital.

- (c) the Board (including Mr. Yu) will undertake to us that:
- (i) it will convene a general meeting at the request of shareholders holding not less than 10% of the voting rights, if so requested, prior to the 2021 AGM when the Proposed Resolutions are put forth for shareholders' approval; and
 - (ii) if the shareholders do not approve the 10% Requisition Resolution at the 2021 AGM, (A) Mr. Yu will, to the extent that he continues to control 10% or more of our voting capital, put forth the 10% Requisition Resolution at each subsequent AGM, and (B) the Board will continue to convene a general meeting at the request of shareholders holding not less than 10% of our voting rights until the Proposed Resolutions are approved.
- (d) our Company and our board will give an undertaking before the Listing that we will convene an AGM each year with at least 14 days of notice after the Listing, beginning from 2021 should the Listing occur in 2020, and for so long as we remain listed on the Hong Kong Stock Exchange, in the event that the Proposed Resolutions are not approved by our shareholders, put forth the Proposed Resolutions (to the extent not yet passed) at each AGM until all of the Proposed Resolutions are passed.
- (e) we will issue a press release announcing the Board's support publicly for the Proposed Resolutions each year after the Listing until the Proposed Resolutions are adopted.

APPOINTMENT, REMOVAL AND REMUNERATION OF AUDITORS

Paragraph 17 of Appendix 3 to the Hong Kong Listing Rules requires that the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors. Such rule is equivalent to the then rule 19C.07(3) of the Hong Kong Listing Rules (repealed after December 31, 2021).

The board of directors of the Company has delegated the power to appoint, remove and remunerate the auditors to the audit committee to the board, being an independent body of the board on the basis of the independent requirements as set out in the applicable U.S. laws and the NYSE rules, and which comprises of three members, all of whom are independent directors as required by the applicable U.S. laws and the applicable NYSE rules.

At the time of its secondary listing in Hong Kong, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from the strict compliance with rule 19C.07(3) of the Hong Kong Listing Rules. Such waiver will continue to apply to the Company after paragraph 17 of Appendix 3 to the Hong Kong Listing Rules came into effect.

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 to 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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and our subsidiaries (including our consolidated affiliated entities) to be disclosed in the Prospectus.

We have identified 12 entities as our Significant Subsidiaries. For further details, see “History — History and Development — Significant Subsidiaries” in the Prospectus. We had more than 300 subsidiaries (including our consolidated affiliated entities) as of May 31, 2020. We believe that it would be unduly burdensome for us to disclose this information in respect of all of our subsidiaries (including our consolidated affiliated entities) as we 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 Significant Subsidiaries include all of our subsidiaries (including our consolidated affiliated entities) that meet the financial threshold for “significant subsidiaries” under Regulation S-X in the U.S. (*i.e.*, contributing more than 10% of our Group’s total assets and income) and are representative of our business (including those that hold major assets and intellectual property rights of our Group). None of the non-Significant Subsidiaries is individually material to us in terms of its contribution to our Company’s total net revenues, total net income or total assets or holds any major assets and intellectual property rights. By way of illustration, the Significant Subsidiaries (together with their controlled entities) accounted for, in aggregate, approximately 88.5% and 96.7% of the total consolidated assets and net revenues of our Group as at May 31, 2020, respectively. As such, we have disclosed the particulars of the changes in our share capital and the share capital of the Significant Subsidiaries in “Statutory and General Information — Further Information About Us” in Appendix IV of the Prospectus, and particulars of the commissions, discounts, brokerage fee and authorized debentures in respect of our Significant Subsidiaries are set out in “Statutory and General Information — Other Information — Miscellaneous” in Appendix IV of the Prospectus.

We have 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. We have applied for, and the SFC has granted, an exemption from strict compliance with 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 above 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 October 29, 2020.

DISCLOSURE OF INFORMATION ON SUBSIDIARIES WHOSE PROFITS OR ASSETS MAKE MATERIAL CONTRIBUTIONS TO US

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 us, or whose profits or assets make, or will make, a material contribution to the figures in the accountants' report or the next published accounts.

We believe that it would be unduly burdensome for us to procure this information for the reasons as set out in “— Particulars of any Commissions, Discounts and Brokerages, Alteration of Capital and Authorized Debentures” in the Prospectus. As such, only the particulars in relation to our Significant Subsidiaries are set out in “History — History and Development — Significant Subsidiaries” in the Prospectus and “Statutory and General Information — Further Information About Us” in Appendix IV of the Prospectus, which should be sufficient for potential investors to make an informed assessment of our Company in their investment decisions.

We have 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. We have applied for, and the SFC has granted, an exemption from strict compliance with 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 exemption was granted 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 October 29, 2020.

DISCLOSURE REQUIREMENT OF OPTIONS

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

We and our subsidiaries (including our consolidated affiliated entities) may, from time to time, adopt equity incentive plans, including: (a) our share incentive plan adopted in 2006 and which expired in 2016 (the “**2006 Share Incentive Plan**”); and (b) our share incentive plan adopted in January 2016 for the issue of up to 10,000,000 Shares (the “**2016 Share Incentive Plan**”, and together with the 2006 Share Incentive Plan, the “**Share Incentive Plans**”). These equity incentive plans, aside from those adopted by Koolearn, the our majority-controlled subsidiary that is separately listed on the Hong Kong Stock Exchange, are not subject to Chapter 17 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules. The equity incentive plans allow us and our subsidiaries (including our consolidated affiliated entities) to grant awards (including options) to employees, directors and consultants. The waiver therefore only relates to the options that are granted or may be granted under the Share Incentive Plans and disclosures relating to the equity incentive plans adopted by Koolearn (as further set out below).

Details of the 2016 Share Incentive Plan are disclosed in “Directors and Senior Management — Compensation — Share Incentive Plans” in the Prospectus. The disclosure is substantially the same as those in our 20-F filings and comply with applicable U.S. laws and regulations. As at the Latest Practicable Date, there were no outstanding options under the Share Incentive Plans.

Our majority-controlled subsidiary, Koolearn, is separately listed on the Hong Kong Stock Exchange and has also adopted equity incentive plans, namely: (a) a pre-IPO share option scheme in July 2018 for the issue of up to 47,836,985 shares in Koolearn (the “**Koolearn Pre-IPO Share Option Scheme**”); and (b) a post-IPO share option scheme in January 2019 in accordance with Chapter 17 of the Hong Kong Listing Rules (the “**Koolearn Post-IPO Share Option Scheme**”, and collectively with the Koolearn Pre-IPO Share Option Scheme, the “**Koolearn Share Incentive Plans**”).

Details of the Koolearn Share Incentive Plans are disclosed in “Directors and Senior Management — Compensation — Koolearn Share Option Schemes” in the Prospectus.

In addition to this disclosure, as a primary listed company on the Main Board of the Hong Kong Stock Exchange, Koolearn is required to make, and will continue to make, full disclosures in accordance with the requirements under the Hong Kong Listing Rules and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applicable) for as long as its shares remain listed on the Hong Kong Stock Exchange. Full disclosures on the Koolearn Share Incentive Plans have been, and will continue to be, made to Hong Kong investors and the general public through Koolearn’s own public filings accessible on the websites of the Hong Kong Stock Exchange and Koolearn (www.koolearn.hk), and which are in full compliance of: (a) with respect to Koolearn Pre-IPO Share Option Scheme, 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; and (b) with respect to the Koolearn Post-IPO Share Option Scheme, Chapter 17 of the Hong Kong Listing Rules. In particular, reference is made to the prospectus issued by Koolearn on March 15, 2019 and its annual report for the fiscal year ended May 31, 2020, issued on September 14, 2020.

For the reasons stated above, we believe that strict compliance with the above requirements would be unduly burdensome, unnecessary and/or inappropriate for us, and would not be material or meaningful to Hong Kong investors.

We have 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 Hong Kong Listing Rules.

DISCLOSURE REQUIREMENTS OF THE REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WHOSE EMOLUMENTS WERE 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 May 31, 2018, 2019 and 2020. 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 "Directors and Senior Management — Compensation" in the Prospectus. We confirm that the current disclosure complies with U.S. annual reporting requirements and is in line with our disclosure in our annual reports on Form 20-F.

We believe 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.

We have 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.

DISCLOSURE OF INTERESTS INFORMATION

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

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."

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

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

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 Prospectus.

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:

- (a) **The Public Offer Price will be determined by reference to our Company's ADS price:** As our Company's ADSs are listed and actively traded on the NYSE, it will not be appropriate for our Company to adopt the conventional pricing methods in the proposed Hong Kong Public Offering. With a view to aligning the interest of securities holders in both U.S. and Hong Kong, the Public Offer Price will be determined with reference to, among other factors, the closing price of our Company's ADSs on the NYSE on the last trading day on or before the Price Determination Date. The market price of our Company's ADSs traded on the NYSE is subject to various factors including the overall market conditions, the global economy, the industry updates, etc., and is not within the control of our Company;
- (b) **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 the Company's Shares, which may adversely affect the market price of the ADSs of our Company and the Offer Shares; and
- (c) **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 a 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.

We 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 the NYSE on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this prospectus and/or (b) we believe that it is in the best interest of the 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 bookbuilding 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. In no circumstances will we set the Public Offer Price above the maximum Public Offer Price as stated in this prospectus or the International Offer Price.

We have 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; and (ii) the historical prices of our ADS and trading volume on the NYSE.

CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of the Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, in the event of over-subscription, the Joint Representatives shall apply clawback mechanism as set out below following the closing of the application lists with reference to the final offering size of the Global Offering (assuming the Over-allotment Option is not exercised) based on the offer price determined on the Price Determination Date.

Based on the current market conditions, the Joint Representatives shall apply a clawback mechanism following the closing of the application lists on the following basis:

- (a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 40 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 765,900 Shares, representing 9% of the Offer Shares initially available under the Global Offering;

- (b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 40 times or more but less than 80 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 1,021,200 Shares, representing 12% of the Offer Shares initially available under the Global Offering; and
- (c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 80 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 2,042,400 Shares, representing 24% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition, the Joint Representatives may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In the event the size of the Global Offering falls below HK\$8.34 billion, the aforementioned clawback waiver would no longer be applicable, and the clawback mechanism as set out in paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules would apply.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Public Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

See “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in the Prospectus.

NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE

Section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to “public companies in Hong Kong.” The note to Section 4.2 of the Introduction to the Takeovers Code provides that a Grandfathered Greater China Issuer within the meaning of Rule 19C.01 of the Hong Kong Listing Rules with a secondary listing on the Hong Kong Stock Exchange will not normally be regarded as a public company in Hong Kong under Section 4.2 of the Introduction to the Takeovers Code. Where the bulk of trading in the shares of a Grandfathered Greater China Issuer migrates to Hong Kong such that it would be treated as having a dual-primary listing in Hong Kong pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Code will apply to it.

We have 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 Code.

DISCLOSURE OF INTERESTS UNDER PART XV OF THE SFO

Part XV of the SFO imposes duties of disclosure of interests in the securities of companies whose securities are listed on the Hong Kong Stock Exchange on the relevant company, its substantial shareholders and its directors/chief executives. Under the U.S. Exchange Act, 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 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 us and our corporate insiders would provide our investors with sufficient information relating to the shareholding interests of our significant shareholders.

We have applied for, and the SFC has granted, a partial exemption from Part XV of the SFO (other than Divisions 5, 11 and 12) on the following conditions:

- (a) 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 Hong Kong Listing Rules;
- (b) the disclosures of interest filed with the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosure in the same manner as disclosures made under Part XV of the SFO; and
- (c) we 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 worldwide share turnover that takes place on the Hong Kong Stock Exchange.

COMPLIANCE WITH PARAGRAPHS 15, 16 AND 21 OF APPENDIX 3 TO THE HONG KONG LISTING RULES

SUPER-MAJORITY VOTE THRESHOLD

Paragraph 15 of Appendix 3 to the Hong Kong Listing Rules requires that a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights. Paragraph 16 of Appendix 3 to the Hong Kong Listing Rules requires that a super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed. Paragraph 21 of Appendix 3 to the Hong Kong Listing Rules requires that super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

Note 1 of paragraph 15 of Appendix 3 to the Hong Kong Listing Rules provides that a “super-majority vote” means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class. Note 1 of each of paragraphs 16 and 21 of Appendix 3 to the Hong Kong Listing Rules provides that a “super-majority vote” means at least three-fourths of the voting rights of the members present and voting in person or by proxy at the general meeting.

Pursuant to the consultation paper of the Hong Kong Stock Exchange for the listing regime for overseas issuers issued in March 2021, the Hong Kong Stock Exchange stated that it does not intend to impose a higher threshold on existing issuers currently subject to the key shareholder protection standards under the “Joint policy statement regarding the listing of overseas companies” published jointly by the Hong Kong Stock Exchange and the Securities and Futures Commission (the “JPM Standards”). Such JPM Standards define a “super-majority vote” as a “two-third majority”. The Hong Kong Stock Exchange also stated that these issuers will be considered to be in compliance with the core protection standards in the current Appendix 3 to the Hong Kong Listing Rules if they complied with the requirements that were applicable to them in this regard at listing, and the Hong Kong Stock Exchange does not expect such existing listed issuers to be required to make amendments to their constitutional documents to comply with this standard.

As the Company has complied with the requirements that were applicable to the Company at its secondary listing, with the equivalent concept of “super-majority” in the Current M&AA being “majority of not less than two-thirds”, according to the said consultation paper and as confirmed by the Hong Kong Stock Exchange, the Company is considered to be in compliance with the core protection standards under Appendix 3 to the Hong Kong Listing Rules and is not required to make amendments to its constitutional documents in accordance with paragraphs 15, 16, and 21 of Appendix 3 to the Hong Kong Listing Rules.