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

<b>No.</b>	<b>Rules</b>	<b>Subject matter</b>
1.	Rule 8.12 of the Listing Rules	Management Presence in Hong Kong
2.	Rules 3.28 and 8.17 of the Listing Rules	Joint Company Secretaries
3.	Chapter 14A of the Listing Rules	Continuing Connected Transactions
4.	Rule 8A.44 of, and Appendix 3 to, the Listing Rules	Requirements relating to the Articles of Association of the Company
5.	Rules 4.10 and 4.11 of, and Note 2.1 to paragraph 2 of the Appendix 16 to, the Listing Rules	Use of U.S. GAAP
6.	Rule 9.09(b) of the Listing Rules	Dealing in Shares prior to Listing
7.	Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules	Waiver in relation to the 2014 Plan and the 2019 Plan
8.	Note (1) to Rule 17.03(9) of the Listing Rules	Exercise price of options to be granted pursuant to the 2014 Plan and the 2019 Plan after the Listing
9.	Rules 4.04(2) and 4.04(4)(a) of the Listing Rules	Acquisition after the Track Record Period
10.	Paragraph 26 of Part A of Appendix 1 to the Listing Rules	Disclosure Requirements with respect to Changes in the Share Capital
11.	Rule 10.08 of the Listing Rules	Waiver in relation to Share Issuance within Six Months from the Listing Date

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### MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

Notwithstanding our Group operates as an all-round online financial services platform based in Hong Kong with an extended international footprint in the U.S. and Singapore as well as strong background and abundant resources in the PRC, our executive Directors and a majority of our senior management members are and will continue to be based in Shenzhen, the PRC, being the city where we commenced our operations in December 2007 and locate a majority of our management and administration resources.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to achieve regular communication with the Stock Exchange:

- (a) The Company has appointed Mr. Li, our founder, chairman of the Board, executive Director and chief executive officer, and Ms. Lam Wing Chi (“**Ms. Lam**”, one of the joint company secretaries of the Company), as the authorized representatives (“**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. They will act as the Company’s principal channel of communication with the Stock Exchange. Each of them has confirmed that he/she can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. In addition, in order to further ensure that enquiries from the Stock Exchange will be promptly dealt with, Mr. Arthur Yu Chen (“**Mr. Chen**”), our chief financial officer who ordinarily resides in Hong Kong, has also been appointed as an alternate authorized representative of the Company for communication with the Stock Exchange. The Company has provided contact details of the two Authorized Representatives and Mr. Chen to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any change in the Company’s authorized representatives. Mr. Li has also confirmed that he possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. The Directors have also provided their contacts to the Stock Exchange and the Authorized Representatives pursuant to Rule 3.20 of the Listing Rules;
- (b) Our Authorized Representatives and Mr. Chen have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matters;

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- (c) All the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice;
- (d) Our Company has appointed Guotai Junan Capital Limited as our compliance adviser (the “**Compliance Adviser**”) in compliance with Rules 3A.19 and 8A.33 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide our Company with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange from the Listing. Further, pursuant to Rule 8A.33 of the Listing Rules, the Company is required to engage a compliance advisor on a permanent basis; and
- (e) Meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Compliance Adviser, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, the Directors and/or the Compliance Adviser of the Company in accordance with the Listing Rules.

### JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

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In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. Yu Qian (“**Mr. Yu**”) and Ms. Lam, as the joint company secretaries of our Company. Mr. Yu is currently the legal director of the Company and has extensive experience in handling corporate, legal and regulatory compliance and administrative matters, as well as a thorough understanding of the daily operations and internal administration of our Group. Mr. Yu presently does not possess the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on his own. Therefore, our Company has appointed Ms. Lam, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and provide assistance to Mr. Yu for an initial period of three years from the Listing Date. Ms. Lam is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom. For further details about Mr. Yu and Ms. Lam’s qualifications and experiences, please see “Directors and Senior Management — Joint Company Secretaries” in this document.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for an initial period of three years from the Listing Date in accordance with Guidance Letter HKEX-GL108-20, on the basis of the proposed arrangements below:

- (a) Mr. Yu will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time;

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- (b) Both Mr. Yu and Ms. Lam have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;
- (c) Ms. Lam will assist Mr. Yu to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as our company secretary;
- (d) Ms. Lam will communicate regularly with Mr. Yu on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Lam will work closely with, and provide assistance for, Mr. Yu in the discharge of his duties as a company secretary, including organizing our Board meetings and Shareholders' general meetings;
- (e) Upon expiry of Mr. Yu's initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Yu's appointment as the company secretary of the Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules;
- (f) The Company has appointed Guotai Junan Capital Limited as our Compliance Adviser pursuant to Rules 3A.19 and 8A.33 of the Listing Rules which will act as the additional communication channel with the Stock Exchange from the Listing Date and provide professional guidance and advice to the Company and Mr. Yu as to the compliance with the Listing Rules and all other applicable laws and regulations; and
- (g) The waiver can be revoked with immediate effect if there are material breaches of the Listing Rules by the Company.

Prior to the expiry of the initial three-year period, the qualification of Mr. Yu will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied.

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### CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with (where applicable) (i) the announcement, (ii) annual reporting requirement, (iii) independent Shareholders' approval requirement, (iv) the annual cap requirement, and (v) the requirement of limiting the term of the continuing connected transactions under Chapter 14A of the Listing Rules. For further details in this respect, see "Connected Transactions" in this document.

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

As the Company is applying for a dual primary listing on the Stock Exchange, the Articles are required to comply with Appendix 3 to the Listing Rules, which sets out the core shareholder protection standards. Rule 19.30(1)(b) of the Listing Rules provides that the Stock Exchange may refuse a listing if it is not 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 8A.44 of the Listing Rules requires issuers with WVR structure such as our Company to give force to the requirements of Rules 8A.07, 8A.09, 8A.10, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18, 8A.19, 8A.21, 8A.22, 8A.23, 8A.24, 8A.26, 8A.27, 8A.28, 8A.29, 8A.30, 8A.31, 8A.32, 8A.33, 8A.34, 8A.35, 8A.37, 8A.38, 8A.39, 8A.40 and 8A.41 of the Listing Rules by incorporating them into their articles of association or equivalent document (together with the requirements under Appendix 3 to the Listing Rules, the "**Listing Rules Articles Requirements**").

The Articles do not comply with some of the Listing Rules Articles Requirements, namely, (i) paragraphs 4(2), 14(1), 14(2), 14(3), 14(4), 14(5), 15, 16, 17, 19, 20 and 21 of Appendix 3 to the Listing Rules, (ii) Rules 8A.09, 8A.10, 8A.13 to 8A.19, 8A.22 to 8A.24, 8A.26 to 8A.35 and 8A.37 to 8A.41 of the Listing Rules (together, the "**Unmet Listing Rules Articles Requirements**"). Other than the said Unmet Listing Rules Articles Requirements, the remaining Listing Rules Articles Requirements are met by the Articles. The Company will seek Shareholders' approval to incorporate the Unmet Listing Rules Articles Requirements into its Articles at its first general meeting to be convened on or before June 30, 2023 (the "**First GM**").

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Details of the Unmet Listing Rules Articles Requirements to be incorporated into the Articles are set out below:

***(a) To be approved by Dual Class-based Resolution (defined below)***

- (1) The articles of association shall stipulate that a super-majority vote (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) 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 15 of Appendix 3 to the Listing Rules);

***(b) To be approved by Single Class-based Resolution (defined below)***

- (2) Non-WVR shareholders (as defined under the Listing Rules) must be entitled to cast at least 10% of the votes that are eligible to be cast on resolutions at the listed issuer's general meetings.

*Note 1: Compliance with this rule means, for example, that an issuer cannot list with a WVR structure that attaches 100% of the right to vote at general meetings to the beneficiaries of weighted voting rights.*

*Note 2: A beneficiary of weighted voting rights must not take any action that would result in a non-compliance with this rule.*

A listed issuer must not increase the proportion of shares that carry weighted voting rights above the proportion in issue at the time of listing.

*Note: If the proportion of shares carrying weighted voting rights is reduced below the proportion in issue at the time of listing, Rule 8A.13 of the Listing Rules shall apply to the reduced proportion of shares carrying weighted voting rights (Rules 8A.09 and 8A.13 of the Listing Rules);*

- (3) A class of shares conferring weighted voting rights in a listed issuer must not entitle the beneficiary to more than ten times the voting power of ordinary shares, on any resolution tabled at the issuer's general meetings (Rule 8A.10 of the Listing Rules);

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- (4) A listed issuer with a WVR structure may only allot, issue or grant shares carrying weighted voting rights with the prior approval of the Stock Exchange and pursuant to (a) an offer made to all the issuer's shareholders pro rata (apart from fractional entitlements) to their existing holdings; (b) a pro rata issue of shares to all the issuer's shareholders by way of scrip dividends; or (c) pursuant to a stock split or other capital reorganization; provided that the Stock Exchange is satisfied that the proposed allotment or issuance will not result in an increase in the proportion of shares carrying weighted voting rights:
- (i) if, under a pro rata offer, beneficiaries of weighted voting rights do not take up any part of the shares carrying weighted voting rights (or rights to those shares) offered to them, those shares (or rights) not taken up could only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of ordinary shares; and
  - (ii) to the extent that rights in a listed issuer's shares not carrying weighted voting in a pro rata offer are not taken up in their entirety (e.g. in the case where the pro rata offering is not fully underwritten), the number of the listed issuer's shares carrying weighted voting rights that can be allotted, issued or granted must be reduced proportionately (Rule 8A.14 of the Listing Rules);
- (5) If a listed issuer with a WVR structure reduces the number of its shares in issue (e.g. through a purchase of its own shares) the beneficiaries of weighted voting rights must reduce their weighted voting rights in the issuer proportionately (for example through conversion of a proportion of their shareholding with those rights into shares without those rights), if the reduction in the number of shares in issue would otherwise result in an increase in the proportion of the listed issuer's shares that carry weighted voting rights (Rule 8A.15 of the Listing Rules);
- (6) After listing, a listed issuer with a WVR structure must not change the terms of a class of its shares carrying weighted voting rights to increase the weighted voting rights attached to that class (Rule 8A.16 of the Listing Rules);

*Note: If a listed issuer wishes to change the terms of a class of its shares carrying weighted voting rights to reduce those rights it may do so but must, in addition to complying with any requirements under law, first obtain the prior approval of the Stock Exchange and, if approval is granted, must announce the change.*



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- (7) The beneficiary's weighted voting rights in a listed issuer must cease if, at any time after listing, the beneficiary is:
- (i) deceased;
  - (ii) no longer a member of the issuer's board of directors;
  - (iii) deemed by the Stock Exchange to be incapacitated for the purpose of performing his or her duties as a director; or
  - (iv) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules.

The weighted voting rights attached to a beneficiary's shares must cease upon transfer to another person of the beneficial ownership of, or economic interest in those shares or the control over the voting rights attached to them (through voting proxies or otherwise). A limited partnership, trust, private company or other vehicle may hold shares carrying weighted voting rights on behalf of a beneficiary of weighted voting rights provided that such an arrangement does not result in a circumvention of Rule 8A.18(1) of the Listing Rules. The Stock Exchange would not consider a lien, pledge, charge or other encumbrance on shares carrying weighted voting rights to be a transfer for the purpose of Rule 8A.18 of the Listing Rules on condition that this does not result in the transfer of the legal title or beneficial ownership of those shares or the voting rights attached to them (through voting proxies or otherwise). The Stock Exchange would consider a transfer to have occurred under Rule 8A.18 of the Listing Rules if a beneficiary of weighted voting rights and a non-WVR shareholder(s) enter into any arrangement or understanding to the extent that this resulted in a transfer of weighted voting rights from the beneficiary of those weighted voting rights to the non-WVR shareholder (Rules 8A.17, 8A.18(1), 8A.18(2) and 8A.19 of the Listing Rules).

If a vehicle holding shares carrying weighted voting rights in a listed issuer on behalf of a beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules, the beneficiary's weighted voting rights in the listed issuer must cease. The issuer and beneficiary must notify the Stock Exchange as soon as practicable with details of the non-compliance;

- (8) A listed issuer's WVR structure must cease when none of the beneficiaries of the weighted voting rights at the time of the issuer's initial listing have beneficial ownership of shares carrying weighted voting rights (Rule 8A.22 of the Listing Rules);

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- (9) Any weighted voting rights attached to any class of shares in a listed issuer must be disregarded and must not entitle the beneficiary to more than one vote per share on any resolution to approve the following matters: (i) changes to the listed issuer's constitutional documents, however framed; (ii) variation of rights attached to any class of shares; (iii) the appointment or removal of any independent non-executive director; (iv) the appointment or removal of auditors; and (v) the voluntary winding-up of the listed issuer (Rule 8A.24 of the Listing Rules);

***(c) To be approved by Non-class-based Resolution (defined below)***

- (10) Non-WVR shareholders must be able to convene an extraordinary general meeting and add resolutions to the 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 listed issuer (Rule 8A.23 of the Listing Rules);
- (11) The articles of association shall stipulate that any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election (paragraph 4(2) of Appendix 3 to the Listing Rules);
- (12) The articles of association shall require the issuer to hold a general meeting for each financial year as its annual general meeting (paragraph 14(1) of Appendix 3 to the Listing Rules);
- (13) The articles of association shall stipulate that any annual general meeting must be called by notice of at least 21 days, and that any other general meeting (including an extraordinary general meeting) must be called by notice of at least 14 days (paragraph 14(2) of Appendix 3 to the Listing Rules);
- (14) The articles of association shall stipulate that members must have the right to (i) speak at a general meeting; and (ii) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration (paragraph 14(3) of Appendix 3 to the Listing Rules);
- (15) The articles of association shall provide that, where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted (paragraph 14(4) of Appendix 3 to the Listing Rules);

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- (16) The articles of association shall stipulate that members holding a minority stake in the total number of issued shares must be able to convene 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 (paragraph 14(5) of Appendix 3 to the Listing Rules);
- (17) The articles of association shall stipulate that a super-majority vote (at least three-fourths of the voting rights of the members present and voting in person or by proxy in a general meeting) shall be required to approve changes to the issuer's constitutional documents, however framed (paragraph 16 of Appendix 3 to the Listing Rules);
- (18) The articles of association shall stipulate 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 (paragraph 17 of Appendix 3 to the Listing Rules);
- (19) The articles of association shall stipulate that HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies/corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote (paragraph 19 of Appendix 3 to the Listing Rules);
- (20) The articles of association shall provide for the branch register of members in Hong Kong to be open for inspection by members but may permit the company to close the register on terms equivalent to section 632 of the Companies Ordinance (paragraph 20 of Appendix 3 to the Listing Rules);
- (21) The articles of association shall stipulate that a super-majority vote (at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting) of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer (paragraph 21 of Appendix 3 to the Listing Rules);
- (22) The role of an independent non-executive director of a listed issuer with a WVR structure must include but is not limited to the functions described in Code Provisions C.1.2, C.1.6 and C.1.7 in Part 2 of Appendix 14 to the Listing Rules:
  - (i) participating in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
  - (ii) taking the lead where potential conflicts of interests arise;

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- (iii) serving on the audit, compensation, nomination and other governance committees, if invited; and
- (iv) scrutinizing the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

Independent non-executive directors and other non-executive directors, as equal board members, shall give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of the shareholders; and

Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments (Rule 8A.26 of the Listing Rules).

- (23) Issuers with a WVR structure must establish a nomination committee that complies with Code Provision B.3 of Appendix 14 to the Listing Rules to:
- (i) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;
  - (ii) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;
  - (iii) assess the independence of independent non-executive directors; and
  - (iv) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Stock Exchange's website and the issuer's website.

Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

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Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

- (i) the process used for identifying the individual and why the board believes the individual should be elected and the reasons why the board considers the individual to be independent;
  - (ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;
  - (iii) the perspectives, skills and experience that the individual can bring to the board; and
  - (iv) how the individual contributes to diversity of the board (Rule 8A.27 of the Listing Rules);
- (24) The nomination committee established under Rule 8A.27 of the Listing Rules must be chaired by an independent non-executive director (Rules 8A.28 of the Listing Rules);
- (25) The independent non-executive directors of an issuer with a WVR structure must be subject to retirement by rotation at least once every three years. Independent non-executive directors are eligible for re-appointment at the end of the three year term (Rule 8A.29 of the Listing Rules);
- (26) An issuer with a WVR structure must establish a corporate governance committee with at least the terms of reference set out in Code Provision A.2.1 of Appendix 14 to the Listing Rules, and the following additional terms to:
- (i) develop and review the issuer's policies and practices on corporate governance and make recommendations to the board;
  - (ii) review and monitor the training and continuous professional development of directors and senior management;
  - (iii) review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;
  - (iv) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

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- (v) review the issuer's compliance with the code and disclosure in the Corporate Governance Report (as defined in the Listing Rules);
- (vi) review and monitor whether the issuer is operated and managed for the benefit of all of its shareholders;
- (vii) confirm, on an annual basis, that beneficiaries of weighted voting rights have been members of the listed issuer's board of directors throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;
- (viii) confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;
- (ix) review and monitor the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or shareholders of the issuer (considered as a group) on the one hand and any beneficiary of weighted voting rights on the other;
- (x) review and monitor all risks related to the issuer's WVR structure, including connected transactions between the issuer and/or a subsidiary of the issuer on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the board on any such transaction;
- (xi) make a recommendation to the board as to the appointment or removal of the Compliance Adviser (as defined under the Listing Rules);
- (xii) seek to ensure effective and on-going communication between the issuer and its shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;
- (xiii) report on the work of the corporate governance committee on at least a half-yearly and annual basis covering all areas of its terms of reference; and
- (xiv) disclose, on a comply or explain basis, its recommendations to the board in respect of matters in sub-paragraphs (ix) to (xi) above in the report referred to in sub-paragraph (xiii) above (Rule 8A.30 of the Listing Rules);

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- (27) The corporate governance committee must be comprised entirely of independent non-executive directors, one of whom must act as the chairman (Rule 8A.31 of the Listing Rules);
- (28) The Corporate Governance Report produced by a listed issuer with a WVR structure to comply with Appendix 14 to the Listing Rules must include a summary of the work of the corporate governance committee, with regards to its terms of reference, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible (Rule 8A.32 of the Listing Rules);
- (29) Rule 3A.19 of the Listing Rules is modified to require an issuer with a WVR structure to appoint a Compliance Adviser on a permanent basis commencing on the date of the issuer's initial listing (Rule 8A.33 of the Listing Rules);
- (30) An issuer must consult with and, if necessary, seek advice from its Compliance Adviser, on a timely and ongoing basis in the circumstances set out in Rule 3A.23 of the Listing Rules and also on any matters related to: (i) the WVR structure; (ii) transactions in which any beneficiary of weighted voting rights in the issuer has an interest; and (iii) where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or holders of the issuer (considered as a group) on the one hand and any beneficiary of weighted voting rights in the issuer on the other (Rule 8A.34 of the Listing Rules);
- (31) An issuer with a WVR structure must comply with Section F "Shareholders Engagement" in Part 2 of Appendix 14 to the Listing Rules (Rule 8A.35 of the Listing Rules);
- (32) An issuer with a WVR structure must include the warning "*A company controlled through weighted voting rights*" on the front page of all its listing documents, periodic financial reports, circulars, notifications and announcements required by the Listing Rules, and describe its WVR structure, the issuer's rationale of such structure and the associated risks for the members prominently in its listing documents and periodic financial reports. This warning statement shall inform prospective investors of the potential risks of investing in an issuer with a WVR structure and that they should make the decision to invest only after due and careful consideration (Rule 8A.37 of the Listing Rules);
- (33) The documents of or evidencing title for the listed equity securities of an issuer with a WVR structure must prominently include the warning "*A company controlled through weighted voting rights*" (Rule 8A.38 of the Listing Rules);

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- (34) An issuer with a WVR structure must in its listing documents and its interim and annual reports: (i) identify the beneficiaries of weighted voting rights; (ii) disclose the impact of a potential conversion of WVR shares into ordinary shares on its share capital; and (iii) disclose all circumstances in which the weighted voting rights attached to the WVR shares shall cease (Rules 8A.39, 8A.40 and 8A.41 of the Listing Rules).

Under articles 88(f) and 88(h) of our existing Articles, Image Frame Investment (HK) Limited and Qiantang River Investment Limited (being entities affiliated with Tencent and defined in our existing Articles as “**Tencent Investors**”) are entitled to appoint and remove one director of the Company, subject to certain conditions. Further, pursuant to article 158 of our existing Articles, articles 88(f) and 88(h) of the Articles may not be amended without the prior written consent of the Tencent Investors. Other than such rights entitled to by Tencent Investors, the Company has not granted any other special rights to its other Shareholders. To comply with Rule 2.03(4) of the Listing Rule, which requires that all holders of listed securities be treated fairly and equally, and to reflect the full conversion of Class B Ordinary Shares beneficially owned by Tencent Group through Qiantang River Investment Limited upon Listing, Tencent Investors have provided consent in writing to terminate such special rights entitled by them upon the Listing and the Company will at the First GM put forth a resolution to remove such special rights of Tencent Investors from the Articles (“**Termination of Tencent’s Special Rights**”).

In addition, to further enhance its shareholder protection measures, the Company will at the First GM propose to its Shareholders the following amendments to its Articles: (a) lowering the quorum of general meeting (which is not a class meeting) from no less than one-third of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company as currently provided for under article 65 in the existing Articles to 10% of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company (on a one vote per share basis) (the “**Quorum Requirement**”); (b) where a general meeting is postponed by the directors pursuant to article 71 of the existing Articles, requiring such meeting to be postponed to a specific date, time and place (the “**GM Postponement Requirement**”); and (c) removing the Directors’ discretion to, for the purpose of variation of rights attached to any class of shares, treat all the classes or any two or more classes as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration under article 17 of the existing Articles, as well as the Directors’ powers to authorize the division of Shares into any number of classes and to determine the relative rights and obligations as between the different classes and to issue such shares with preferred or other rights that may be greater than the rights of the Class A Ordinary Shares under article 9 of the existing Articles as well as making the Directors’ powers to issue preferred shares under article 9 of the existing Articles to be subject to the Articles, compliance with the Listing Rules and the Takeovers Code and the conditions that (x) no new class of shares with voting rights superior to those of Class A Ordinary Shares will be created and (y) any variations in the relative rights as between the different classes will not result in creating new class of shares with voting rights superior to those of Class A Ordinary Shares (“**Amendment of Directors’ Class Right Related Powers**”).



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At the First GM, the Company will also propose amendments to the Articles to clarify that the Company, its Shareholders, Directors and officers agree to submit to the jurisdiction of the courts of the Cayman Islands and Hong Kong, to the exclusion of other jurisdictions, to hear, settle and/or determine any dispute, controversy or claim whether arising out of or in connection with the Articles or otherwise. For the avoidance of doubt, the applicable rights of purchasers, holders, and sellers of the ADSs are not governed by the preceding sentence but are exclusively governed by the applicable deposit agreement pursuant to which the ADSs were issued, regardless of whether their dispute, controversy or claim arises out of or in connection with the Articles or otherwise (the “**Forum Selection Clarification**”, together with the Unmet Listing Rules Articles Requirements, the Termination of Tencent’s Special Rights, the Quorum Requirement, the GM Postponement Requirement, and the Amendment of Directors’ Class Right Related Powers, the “**Unmet Articles Requirements**”). For completeness, the Company, the DTC and holders and beneficial owners of the ADSs each agree that, with regard to any claim or dispute or difference of whatever nature between or involving the parties hereto arising directly or indirectly from the relationship created by the deposit agreement, the DTC, in its sole discretion, shall be entitled to refer such dispute or difference for final settlement by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in force. Judgment upon the award rendered by the arbitrators may be enforced in any court having jurisdiction thereof. The seat and place of any reference to arbitration shall be New York City, New York, and the procedural law of such arbitration shall be New York law. For the avoidance of doubt this does not preclude holders and beneficial owners of the ADSs from pursuing claims under the Securities Act or the Exchange Act in federal courts. Holders and beneficial owners of the ADSs each irrevocably agree that any legal suit, action or proceeding against or involving the Company or the DTC, arising out of or based upon the deposit agreement, ADSs, American Depositary Receipts or the transactions contemplated thereby or by virtue of ownership thereof, may only be instituted in a state or federal court in New York, New York and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

As advised by the Company’s legal advisor as to Cayman Islands laws, the incorporation of the following Unmet Articles Requirements will require the following:

- (a) as the requirement as set out in paragraph 15 of Appendix 3 to the Listing Rules would materially adversely vary the rights attached to both Class B Ordinary Shares and Class A Ordinary Shares, respectively, a special resolution to incorporate such Unmet Articles Requirement into the Company’s Articles (the “**Dual Class-based Resolution**”) will need to be approved at separate class meetings of both holders of Class B Ordinary Shares (the “**Class B Meeting**”) and of Class A Ordinary Shares (the “**Class A Meeting**”) in accordance with the Company’s existing Articles. The quorum for separate class meetings is one or more persons holding or representing by proxy at least one-third in nominal or par value amount of the issued shares of the relevant class. The Dual Class-based Resolution requires approval of a special resolution by no less than two-thirds of the votes cast by the holders of issued Class

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B Ordinary Shares and approval of a special resolution by no less than two-thirds of the votes cast by the holders of issued Class A Ordinary Shares who attend and vote at the Class B Meeting and the Class A Meeting, respectively, pursuant to article 17 of the existing Articles.

- (b) as certain Unmet Articles Requirements, namely requirements as set out in Rules 8A.09, 8A.10, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18(1), 8A.18(2), 8A.19, 8A.22 and 8A.24 of the Listing Rules, would materially adversely vary the rights attached to Class B Ordinary Shares only, a special resolution to incorporate these Unmet Articles Requirement into the Company's Articles (the "**Single Class-based Resolution**", together with Dual Class-based Resolution, the "**Class-based Resolutions**") will need to be approved by the requisite holders of Class B Ordinary Shares in Class B Meeting only in accordance with the Company's existing Articles. The quorum for Class B Meeting is one or more persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Class B Ordinary Shares. The Single Class-based Resolution at the Class B Meeting requires approval of a special resolution by no less than two-thirds of the votes cast by the holders of issued Class B Ordinary Shares who attend and vote at the Class B Meeting pursuant to article 17 of the existing Articles.

The passing of the Single Class-based Resolution at the Class B Meeting, without separate approval, consent or sanction by the holders of Class A Ordinary Shares at the Class A Meeting, would constitute valid and effective authorization under the existing Articles for the incorporation of those Unmet Articles Requirements (which are the subject of the Single Class-based Resolution) into the Company's Articles, and such amendments (when duly incorporated into the Company's Articles by virtue of and pursuant to the Non-class-based Resolution (as defined below) to be passed at the Full Shareholders Meeting (as defined below)) will be valid and effective. Further, because the incorporation of such Unmet Articles Requirements (which are the subject of the Single Class-based Resolution) would not materially adversely vary the rights attached to Class A Ordinary Shares, no separate consent or sanction is required from the holders of Class A Ordinary Shares under the existing Articles, and no holder of Class A Ordinary Shares would be able to validly challenge the passing of the Single Class-based Resolution solely by the holders of Class B Ordinary Shares in the manner described above.

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- (c) if (i) the Dual Class-based Resolution is passed at both the Class B Meeting and Class A Meeting; and (ii) the Single Class-based Resolution is passed at Class B Meeting, at the full Shareholders' meeting where all Shareholders may vote as a single class (the "**Full Shareholders' Meeting**"), the Shareholders will be asked to vote on the Class-based Resolutions. In addition, the Shareholders will also be asked to vote on another resolution (the "**Non-class-based Resolution**") to incorporate into the Company's Articles those Unmet Articles Requirements which are not covered by the Class-based Resolutions, and the voting of the Non-class-based Resolution is not conditional on the passing of the Class-based Resolutions. If the Class-based Resolutions are not approved at either the Class B Meeting or Class A Meeting (as the case may be), then the Shareholders at the Full Shareholders' Meeting will only be asked to vote on the Non-class-based Resolution.

Notwithstanding that article 65 of the existing Articles provides the quorum for the Company's shareholders' meeting to be one or more members holding Shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all Shares in issue and entitled to vote present in person or by proxy, the quorum for the Full Shareholders' Meeting will comply with the Quorum Requirement, being 10% of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company (on a one vote per share basis), in light of the Undertaking for Interim Compliance (as defined below) to be given by the Company and the WVR Beneficiary.

At the Full Shareholders' Meeting, each of the Class-based Resolutions and the Non-class-based Resolution will require approval of a special resolution by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or by proxy or, in the case of corporations, by their duly authorized representatives at the Full Shareholders' Meeting, in accordance with article 158 of the existing Articles.

For the avoidance of doubt, weighted voting rights will apply in connection with passing the Class-based Resolutions and the Non-class based Resolution at the Full Shareholders' Meeting. In addition, the Termination of Tencent's Special Rights will require the prior written consent of the Tencent Investors, and Tencent Investors have irrevocably consent to the Company that such special rights entitled by Tencent Investors shall be terminated upon Listing, and the Company may amend the Articles to give effect to the Termination of Tencent's Special Rights.

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The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the Unmet Articles Requirements, subject to the conditions that:

- (1) at the First GM, the Company will put forth: (i) the Dual Class-based Resolution at the Class B Meeting and the Class A Meeting; (ii) the Single Class-based Resolution at the Class B Meeting; and (iii) the Class-based Resolutions (if adopted at the Class B Meeting and Class A Meeting (where applicable)) and the Non-class-based Resolution at the Full Shareholders' Meeting (together, the **"Proposed Resolutions"**) to amend its Articles to comply with the Unmet Articles Requirements;
- (2) the Company will, prior to the Listing, irrevocably undertake to the Stock Exchange that if any of the Proposed Resolutions are not passed at the First GM, it will put forth the Proposed Resolutions that have not been passed at each subsequent annual general meeting until they are all approved by the Shareholders;
- (3) the WVR Beneficiary will, prior to the Listing, irrevocably undertake to the Company that:
  - (i) he will be present (whether in person or by proxy), and where any Share is held by intermediaries held or controlled by him, will procure such intermediaries to be present (whether in person or by proxy) at the Class A Meeting, the Class B Meeting and/or the Full Shareholders Meeting (as the case may be), and to vote in favor of the Proposed Resolutions;
  - (ii) he will be present at the First GM (whether in person or by proxy) and any general meeting that may be convened after the Listing and before the First GM, and to vote in favor of the Proposed Resolutions; and
  - (iii) if any of the Proposed Resolutions are not passed at the First GM, until they are all approved, he or the said intermediaries will continue to be present (whether in person or by proxy) and vote in favor of such Proposed Resolutions at each subsequent class meeting of the holders of the Class A Ordinary Shares, class meeting of the holders of the Class B Ordinary Shares, and/or general meeting (as the case may be) at which the Company puts forth such Proposed Resolutions;

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- (4) Tencent (together with the WVR Beneficiary, the “**Undertaking Shareholders**”) will, prior to the Listing, irrevocably undertake to the Company to, and if any Class A Ordinary Share is held by intermediaries held or controlled by him/it, procure such intermediaries to be present at the Class A Meeting and the Full Shareholders’ Meeting (whether in person or by proxy) and to vote in favor of the Proposed Resolutions and that, if any of the Proposed Resolutions are not passed at the First GM, until they are all approved, it or he or the said intermediaries will continue to attend (whether in person or by proxy) each subsequent class meeting of the holders of the Class A Ordinary Shares and general meeting at which the Company puts forth the Proposed Resolutions and vote in favor of such Proposed Resolutions;
- (5) the Company will issue a press release announcing its support publicly for the Proposed Resolutions each year after the Listing until all the Proposed Resolutions are adopted;
- (6) the Company and the WVR Beneficiary will, prior to the Listing, irrevocably undertake to the Stock Exchange that it or he will comply with the Unmet Articles Requirements in full (the “**Undertaking for Interim Compliance**”) upon the Listing and before its existing Articles are formally amended to incorporate the Unmet Articles Requirements, except for:
  - (i) paragraph 15 of Appendix 3 to the Listing Rules such that, prior to the Articles being amended, the threshold for passing a resolution in a separate class meeting will be approval of a special resolution by no less than two-thirds of the votes cast by the issued shares of that class pursuant to article 17 of the existing Articles;
  - (ii) Rules 8A.24(1) and (2) of the Listing Rules such that, prior to the Articles being amended, weighted voting rights will apply in connection with passing the Proposed Resolutions; and
  - (iii) paragraph 16 of Appendix 3 to the Listing Rules such that, prior to the Articles being amended, the threshold for passing a special resolution for amendments to the Company’s Articles will be approved by members holding not less than two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 158 of the Company’s existing Articles.

For the avoidance of doubt, the above exceptions are only applicable to the passing of the Proposed Resolutions, and the Company shall irrevocably undertake to the Stock Exchange to comply with paragraphs 15 and 16 of Appendix 3 to and Rules 8A.24(1) and (2) of the Listing Rules for passing any resolution at a separate class meeting and any special resolution after the Listing (other than the Proposed

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Resolutions) under the Undertaking for Interim Compliance, and if any of the Class-based Resolution is not passed at the First GM, the Undertaking for Interim Compliance will remain valid until the Class-based Resolution is passed;

- (7) the WVR Beneficiary will, prior to the Listing, irrevocably undertake to the Company and the Stock Exchange that:
- (i) he will procure the Company to give effect to the Undertaking for Interim Compliance upon the Listing and before its existing Articles are formally amended;
  - (ii) in the event any Class B Ordinary Share is to be transferred to an affiliate (as defined in the Articles) of the WVR Beneficiary that is not a director holding vehicle after the Listing but before the existing Articles are formally amended, he will convert such Class B Ordinary Shares into Class A Ordinary Shares by delivering a written notice to the Company in accordance with the Articles and only transfer the resultant Class A Ordinary Shares to such affiliate;
  - (iii) after the Listing but before the existing Articles are formally amended, he will not effect any change in his holding structure of any Class B Ordinary Shares unless and until the Stock Exchange has approved such change; and
  - (iv) he will procure each of Lera Ultimate Limited and Lera Infinity Limited to, prior to the Listing, deliver a written conversion notice to the Company in accordance with article 13 of the existing Articles that all of the Class B Ordinary Shares it holds shall be converted to Class A Ordinary Shares on a one-for-one basis immediately upon any event listed in Rule 8A.17 of the Listing Rules occurring after the Listing and before the Articles are formally amended. Such conversion notice shall expire immediately upon the Articles are formally amended.

A director holding vehicle, for the purpose of the above paragraph, means (a) a partnership of which the WVR Beneficiary is a partner and the terms of which must expressly specify that the voting rights attached to any and all of the Class B Ordinary Shares held by such partnership are solely dictated by the WVR Beneficiary; (b) a trust of which the WVR Beneficiary is a beneficiary and that meets the following conditions: (i) the WVR Beneficiary must in substance retain an element of control of the trust and any immediate holding companies of, or, if not permitted in the relevant tax jurisdiction, retain a beneficial interest in any and all of the Class B Ordinary Shares held by such trust; and (ii) the purpose of the trust must be for estate planning and/or tax planning purposes; or (c) a private company or other vehicle wholly-owned and wholly controlled by the WVR Beneficiary or by a trust referred to in paragraph (b) above;

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- (8) if any holders of any ADSs fail to give valid or timely voting instructions to the DTC with respect of the Proposed Resolutions, the Company will exercise any discretionary proxy it may have under the deposit agreement for the ADSs to vote the underlying Class A Ordinary Shares represented by such ADSs in favor of the Proposed Resolutions at any general meetings; and
- (9) the Company remains listed on the Nasdaq.

The Company's legal advisor as to the laws of the Cayman Islands confirms that the Undertaking for Interim Compliance will not violate the laws and regulations of the Cayman Islands, and the Company confirms that, having consulted its other legal advisors, the Undertaking for Interim Compliance will also not violate other laws and regulations applicable to the Company.

The WVR Beneficiary acknowledged and agreed that our Shareholders may rely on the WVR Beneficiary's undertakings described in paragraphs (3), (6) and (7) above (the "**WVR Beneficiary's Articles Undertaking**") in acquiring and holding their Shares and that such undertakings are intended to confer a benefit on the Company and all existing and future Shareholders and may be enforced by the Company and/or any such Shareholder against the WVR Beneficiary.

The WVR Beneficiary's Articles Undertaking shall automatically terminate upon the earliest of (i) the date on which the proposed amendments to the Articles described in this sub-section headed "— Requirements relating to the Articles of Association of the Company" have become effective; (ii) the date of delisting of the Company from the Stock Exchange; and (iii) the date on which the WVR Beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the WVR Beneficiary's Articles Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or the WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the WVR Beneficiary's Articles Undertaking which existed at or before the date of termination. The WVR Beneficiary's Articles Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the WVR Beneficiary's Articles Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

Assuming (i) no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date and (ii) all Class B Ordinary Shares beneficially held by Tencent Group through Qiantang River Investment Limited have been converted to Class A Ordinary Shares, the Undertaking Shareholders (namely, the WVR Beneficiary and Tencent) will, immediately upon the Listing, beneficially own 239,750,000 Class B Ordinary Shares and 411,505,230 Class A Ordinary Shares (including any Class A Ordinary Shares underlying any ADSs they held) respectively, representing in aggregate (a) approximately 47.07% of the total issued Class A Ordinary Shares and approximately 47.07% of the total voting rights of the Class A Ordinary Shares voting as a separate class, (b) 100% of the total



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issued Class B Ordinary Shares and 100% of the total voting rights of the Class B Ordinary Shares voting as a separate class, and (c) approximately 85.85% of the voting rights in the Company (on weighted voting rights basis). Assuming (i) no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date, (ii) all Class B Ordinary Shares beneficially held by Tencent Group through Qiantang River Investment Limited have been converted to Class A Ordinary Shares and there are no changes to the number of Class A Ordinary Shares held by the depositary between the Latest Practicable Date and the Listing Date, to the best knowledge of the Company, the depositary will, immediately upon the Listing, hold a total of 461,695,904 Class A Ordinary Shares underlying the ADSs (excluding those represented by the ADSs held by the Undertaking Shareholders deposited with the depositary, which have already been counted in the foregoing and the Class A Ordinary Shares issued to our depositary bank for bulk issuance of ADS and reserved for future issuance under the Share Incentive Plans), representing (x) approximately 52.81% of the total issued Class A Ordinary Shares and approximately 52.81% of the total voting rights of the Class A Ordinary Shares voting as a separate class and (y) approximately 14.11% of the voting rights in the Company (on weighted voting rights basis). Despite the undertaking given by the Undertaking Shareholders (being the WVR Beneficiary and Tencent) to vote in favour of the relevant Proposed Resolutions to ensure that they will be adopted at the Class B Meeting and the Full Shareholders' Meeting, there is no guarantee that the Dual Class-based Resolution (being the resolution to incorporate requirements under paragraph 15 of Appendix 3 to the Listing Rules) will be passed at the Class A Meeting. As the Company has not, since its listing on the Nasdaq, held a general meeting, it is uncertain as to whether the Dual Class-based Resolution will be approved with sufficient support from our shareholders at the Class A Meeting.

For the avoidance of doubt, even though article 17 of the existing Articles provides that the rights attached to any such class of Shares may, subject to any rights or restrictions for the time being attached to any class of Shares, only be materially adversely varied either (a) with the consent in writing of the holders of two-thirds of all of the issued Shares of that class or (b) with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class, the Company expects to adopt the approach in (b) rather than in (a) to seek the relevant shareholders' approval for the Class-based Resolutions at a general meeting. Also, even though under the existing Articles a special resolution can be (x) passed by not less than two-thirds of the votes cast by such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy, or, in the case of corporations, by their duly authorized representatives, at a general meeting of the Company, or (y) approved in writing by all of the shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the shareholders, the Company expects to adopt the approach in (x) rather than in (y) to seek the shareholders' approval for the Class-based Resolution and the Non-class-based Resolution at a general meeting. This is because, as a public company, it would involve heavy administrative work for the Company and will be practically impossible for the Company to collect written consents from a sufficiently large number of its public shareholders.



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After the Listing, the Company will in its annual reports confirm whether it has, in the preceding financial year, complied with the Corporate Governance Code set out in Appendix 14 to the Listing Rules to the extent required by Chapter 8A of the Listing Rules.

In the event of any failure to adhere to the requirements of Chapter 8A of the Listing Rules as determined by the Stock Exchange, the Stock Exchange may, as it considers necessary for the protection of the investors or the maintenance of an orderly market and in addition to any other action that the Stock Exchange considers appropriate under the Listing Rules, exercise absolute discretion to:

- (1) direct a trading halt or suspend dealings of any securities of the Company or cancel the listing of any securities of the Company as set out in Rule 6.01 of the Listing Rules;
- (2) impose the disciplinary sanctions set out in Rule 2A.09 of the Listing Rules against the parties set out in Rule 2A.10 of the Listing Rules;
- (3) withhold (a) approval for an application for the listing of securities; and/or (b) clearance for the issuance of a circular to the Company's shareholders unless and until all necessary steps have been taken to address the non-compliance as directed by the Stock Exchange to its satisfaction.

### USE OF U.S. GAAP

Rules 4.10 and 4.11 of, and note 2.1 to paragraph 2 of the Appendix 16 to, the Listing Rules require the Company to prepare its financial statements in the listing document and the subsequent financial reports issued after listing to be in conformity with: (a) Hong Kong Financial Reporting Standards (“**HKFRS**”); (b) IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China. Rule 19.12 of the Listing Rules requires an accountant's report of an overseas issuer to have been audited to a standard comparable to that required in Hong Kong. Rule 19.13 of the Listing Rules states that accountants' reports are required to conform to financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Rule 19.14 of the Listing Rules states that where the Stock Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the report will be required to conform with accounting standards acceptable to the Stock Exchange. In such cases, the Stock Exchange will normally require the report to contain a statement of the financial effect of the material differences (if any) from either of the above accounting standards. Rule 19.25A of the Listing Rules states that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

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As a company listed on the Nasdaq, our Company has been using U.S. GAAP and the corresponding auditing standards for the filing of its financial statements with the U.S. Securities and Exchange Commission as determined by the U.S. Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, and significant progress has been made in the convergence between U.S. GAAP and IFRS. In addition, we note that it might lead to confusion among the Company's investors and shareholders if the Company was required to adopt different accounting standards for its disclosures in Hong Kong from those in the U.S. Aligning the accounting standards used for disclosures in both markets will alleviate any such confusion. Adoption of U.S. GAAP for the preparation of its financial statements will also allow the potential investors and shareholders of our Company to compare the results of the Group against our peers listed in overseas stock markets which use U.S. GAAP for the preparation of their financial statements more easily.

Our Company has applied to the Hong Kong Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 4.10, 4.11, 19.13 and 19.25A of, and note 2.1 to paragraph 2 of the Appendix 16 to, the Listing Rules to allow the financial statements and accountant's report in the listing document to be prepared based on U.S. GAAP, subject to the following conditions:

- (i) the Company will include adequate disclosure, including (a) a description of the relevant key differences between U.S. GAAP and IFRS; and (b) a statement showing the financial effect of any material differences between the financial statements during the track record period prepared using U.S. GAAP and IFRS (the "**Reconciliation Statement**") in the Company's accountant's report of the listing document and annual reports after the Proposed Listing, and such Reconciliation Statements will be included as a note to the audited accountant's report or audited financial statements in the annual report;
- (ii) the Company will include a Reconciliation Statement in the Company's interim reports after the Listing; such Reconciliation Statement will be included as a note to the reviewed financial statements in the interim reports. Where the relevant financial statements are not reviewed by its auditors, the Reconciliation Statement required to be included as a note to such financial statements should be reviewed by its auditors in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000;
- (iii) if the Company is no longer listed in the U.S. or is not obliged to make financial disclosure in the U.S., the Company will adopt either HKFRS or IFRS in the preparation of the Company's financial statements; and
- (iv) the Company will comply with Rule 4.08, 19.12, 19.14 of, and note 2.6 to paragraph 2 of Appendix 16 to the Listing Rules.

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### DEALINGS IN SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the 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**”).

As a company listed on the Nasdaq, the Company has a diverse shareholder base with the ADSs are widely held and publicly traded. The Company considers that it is therefore not in a position to control the investment decisions of its shareholders or the investing public in the U.S.

Solely based on public filings with the SEC as of the Latest Practicable Date, there are two shareholders who hold more than 10% of the total issued share capital of the Company, being:

- (a) Mr. Li, the founder, chairman and chief executive officer of the Company that is deemed to be the beneficial owner of (i) 100,000,000 Class A Ordinary Shares held by Lera Ultimate Limited, (ii) 64,000,000 Class A Ordinary Shares held by Lera Infinity Limited (iii) 86,568 Class A Ordinary Shares held by Mr. Li, (iv) 202,812,500 Class B Ordinary Shares held by Lera Ultimate Limited and (v) 36,937,500 Class B Ordinary Shares held by Lera Infinity Limited, which in the aggregate represents approximately 36.2% of the total issued share capital of the Company and approximately 59.4% of the voting power of the total issued and outstanding share capital of the Company; and
- (b) Tencent Group is deemed to be the beneficial owner of (i) 71,024,142 Class A Ordinary Shares held by Image Frame Investment (HK) Limited; (ii) 28,840,949 Class A Ordinary Shares and 140,802,051 Class B Ordinary Shares held by Qiantang River Investment Limited; (iii) 1,161,840 Class A Ordinary Shares represented by 145,230 ADSs held of record by TPP Opportunity GP I, Ltd.; (iv) 5,412,888 Class A Ordinary Shares represented by 676,611 ADSs held of record by Tencent Mobility Limited; and (v) 176,792 Class A Ordinary Shares represented by 22,099 ADSs held of record by Distribution Pool Limited, which in the aggregate represents approximately 22.2% of the total issued share capital of the Company and approximately 35.0% of the voting power of the total issued and outstanding share capital of the Company as of the Latest Practicable Date.

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

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

- (a) Mr. Li (the Company’s Controlling Shareholder, founder, chairman of the Board, executive Director, and chief executive officer), Tencent Group and their respective close associates in respect of his or their dealings (as the case may be) pursuant to any Rule 10b5-1 Plans that have been set up prior to the Relevant Period (“**Category 1**”);
- (b) the Company’s Directors (other than Mr. Li), and the directors and chief executives of its significant subsidiaries and Consolidated Affiliated Entities (that are, subsidiaries and Consolidated Affiliated Entities that are not “insignificant subsidiaries” as defined under the Listing Rules, “**Significant Subsidiaries**”), in respect of (i) their respective use of the Shares as security (including, for the avoidance of doubt, using their respective Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) their respective dealings pursuant to Rule 10b5-1 Plans that have been set up prior to the Relevant Period (“**Category 2**”);
- (c) directors, chief executives and substantial shareholders of the Company’s insignificant subsidiaries (as defined under the Listing Rules) 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 the Company’s substantial shareholder and who is not its director or chief executive, or a director or chief executive of the Company’s subsidiaries and Consolidated Affiliated Entities, or their close associates (“**Category 4**”).

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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 Listing Rules; and
- (b) persons in Category 1 and Category 2 who (i) use their respective Shares other than as described in this section headed “Dealings in Shares prior to Listing” or (ii) who are not dealing in the Company’s securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restrictions under Rule 9.09(b) of the Listing Rules.

Mr. Li, our Controlling Shareholder, founder, chairman of the Board, executive Director and chief executive officer, may pledge the Shares that he beneficially owns as security (including charges and pledges) in connection with financing activities. As at the Latest Practicable Date, 50,000,000 Class A Ordinary Shares held by Lera Ultimate Limited (in which Mr. Li is deemed to be the beneficial owner) had been pledged as security. Save as disclosed above, to the best knowledge and information of the Company, as at the Latest Practicable Date, none of the Categories 1 and 2 of the Permitted Persons had pledged their respective Shares as security.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules to be granted on the following conditions:

- (a) Categories 1 and 2 of the Permitted Persons who entered into Rule 10b5-1 Plans have no discretion over dealings in the ADSs after the plans have been entered into. Where Categories 1 and 2 of the Permitted Persons use the Shares as security, other than those set out in the waiver above, there will be no change in the beneficial ownership of the Shares at the time of entering into the relevant transactions during the Relevant Period;
- (b) Categories 3 and 4 of the Permitted Persons do not have any influence over the Introduction and do not possess any non-public inside information of the Company given that such persons are not in a position with access to information that is considered material to the Company taken as a whole. Given the large number of the Company’s subsidiaries and Consolidated Affiliated Entities and the vast ADS holder base, the Company and its management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in the ADSs;

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- (c) the Company will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which the Company is aware and will not have any influence over the Introduction;
- (d) the Company will notify the Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when it becomes aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (e) prior to the Listing Date, other than within the permitted scopes set out above, the Company's Directors and chief executive and the directors and chief executives of its Significant Subsidiaries and their respective close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such dealing restrictions in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under the Group's share incentive plans.

The Company believes that the circumstances relating to this waiver align with those set out in the Stock Exchange's Guidance Letter HKEX-GL42-12 and the grant of this waiver will not prejudice the interests of potential investors.

### WAIVER IN RELATION TO THE 2014 PLAN AND 2019 PLAN

The Listing Rules prescribes certain disclosure requirements in relation to the share options granted by the Company (the "**Share Option Disclosure Requirements**"):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. The Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.
- (b) Paragraph 27 of Appendix 1A to the Listing Rules requires the Company to set out in this document particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

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As of the Latest Practicable Date, our Company had granted outstanding options under the 2014 Plan and the 2019 Plan (the “**Relevant Plans**”) to 241 grantees (including a connected person of the Company and other employees of our Group), to subscribe for an aggregate of 10,386,058 Class A Ordinary Shares. As of the Latest Practicable Date, among the outstanding options, 1,000,000 were held by a connected person of the Company in his capacity as director of our material subsidiaries, and 9,386,058 were held by employees of our Group (who are not Directors or connected persons of the Company). The Class A Ordinary Shares underlying such outstanding options granted represent approximately 0.93% of the total number of Shares in issue immediately after completion of the Introduction (assuming that no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date). For further details of our Share Incentive Plans, see the section headed “Statutory and General Information — D. Share Incentive Plans” in Appendix IV to this document.

We have applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules in connection with the disclosure of certain details relating to the options and certain grantees in this document on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, among others:

- (a) as of the Latest Practicable Date, we had granted outstanding options to a total of 241 grantees under the Relevant Plans to acquire an aggregate of 10,386,058 Class A Ordinary Shares, representing approximately 0.93% of the total number of Shares in issue immediately after completion of the Introduction (assuming that no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date). The grantees under the Relevant Plans include one connected person of the Company in his capacity as director of our material subsidiaries, and 240 employees of our Group (who are not Directors or connected persons of our Company);
- (b) our Directors consider that it would be unduly burdensome to disclose in the listing document full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and prospectus preparation of this document for strict compliance with such disclosure requirements. For example, we would need to collect and verify the addresses of over 240 grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;



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- (c) material information on the options has been disclosed in this document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes: (i) a summary of the latest terms of the Relevant Plans; (ii) the aggregate number of Class A Ordinary Shares subject to the options and the percentage of our Shares of which such number represents; (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Introduction (assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date); (iv) full details of the options granted to connected persons (if any) of our Company, on an individual basis, are disclosed in this document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules; (v) with respect to the options granted to other grantees (other than those referred to in (iv) above), the following details will be disclosed in this document, including the aggregate number of such grantees and the number of Class A Ordinary Shares subject to the options, the consideration paid for the grant of the options and the exercise period and the exercise price for the options; and (vi) the particulars of the waiver and exemption granted by the Stock Exchange. The above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEX-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange;
- (d) the 240 grantees who are not Directors, or connected persons of the Company, have been granted options under the Relevant Plans to acquire an aggregate of 9,386,058 Class A Ordinary Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;
- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group. Strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of over 240 grantees without reflecting the materiality of the information does not provide any additional meaningful information to the investing public; and
- (f) a full list of all the grantees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules will be made available for public inspection at the Company's principal place of business in Hong Kong at 11/F, Bangkok Bank Building, No. 18 Bonham Strand West, Sheung Wan, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.



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In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public.

The Stock Exchange has granted to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules with respect to the options granted under the Relevant Plans on the condition that:

- (a) on an individual basis, full details of the outstanding options granted under the Relevant Plans to each of the Directors and connected persons (if any) of the Company, will be disclosed in the section headed “Appendix IV — Statutory and General Information — D. Share Incentive Plans” as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules;
- (b) in respect of the outstanding options granted under the Relevant Plans to other grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis, including (1) the aggregate number of the grantees other than those set out in (a) above and the number of Shares subject to the outstanding options granted to them under the Relevant Plans, (2) the consideration paid for the grant of the outstanding options under the Relevant Plans, and (3) the exercise period and the exercise price for the outstanding options granted under the Relevant Plans;
- (c) the aggregate number of Class A Ordinary Shares underlying the outstanding options granted under the Relevant Plans and the percentage of the Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this document;
- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the outstanding options under the Relevant Plans will be disclosed in the section headed “Appendix IV — Statutory and General Information — D. Share Incentive Plans”;
- (e) a summary of the major terms of the Relevant Plans will be disclosed in the section headed “Appendix IV — Statutory and General Information — D. Share Incentive Plans”;
- (f) the particulars of this waiver will be disclosed in this document;
- (g) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to the Listing Rules will be made available for public inspection in the section headed “Appendix V — Documents Available on Display.”

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### **EXERCISE PRICE OF OPTIONS TO BE GRANTED PURSUANT TO THE 2014 PLAN AND THE 2019 PLAN AFTER THE LISTING**

Note (1) to Rule 17.03(9) of the Listing Rules states that the exercise price of an option must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Since the ADSs, representing our Class A Ordinary Shares, were listed on the Nasdaq in March 2019, it has been the Company's practice to issue options exercisable into ADSs (each of which represents eight underlying Class A Ordinary Shares) under the 2014 Plan and the 2019 Plan and the Company will continue to issue options exercisable into ADSs after the Listing. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars. Pursuant to the waiver from strict compliance with Rules 4.10 and 4.11 of, and Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules described under the sub-section headed "— Use of U.S. GAAP" above, the Company will continue to prepare its accounts based on U.S. GAAP after the Listing in line with its established practice of granting options with exercise prices and RSUs with grant values denominated in U.S. dollars and tied to the market price of its Nasdaq-traded ADSs.

On the basis that (a) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement in Note (1) to Rule 17.03(9) of the Listing Rules, and (b) it has been the Company's practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, and the Company will continue to grant options under the 2014 Plan and the 2019 Plan with exercise prices based on the market price of the ADSs which are denominated in U.S. dollars after the Listing, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules such that the Company will be able to determine the exercise price for options granted or to be granted under its Share Incentive Plans based on the higher of: (i) the per-share closing price of the ADSs on the Nasdaq on the date of grant, which must be a Nasdaq trading day; and (ii) the average per-share closing price of the ADSs on the Nasdaq for the five Nasdaq trading days immediately preceding the date of grant, subject to the condition that the Company shall not issue any share options with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Note (1) to Rule 17.03(9) of the Listing Rules.

### **ACQUISITION AFTER THE TRACK RECORD PERIOD**

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountant's 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.

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Since June 30, 2022 (the date to which our Company's latest audited accounts will have been made up in this document), our Company has made the following acquisition, the details of which are set out below:

### **Company A**

In November 2021, the Company entered into a definitive agreement with the then owners of Company A, pursuant to which the Company proposed to acquire 85% interest in Company A for a consideration of approximately HK\$18 million (the "**Acquisition**"). The consideration is determined based on arm's length negotiations between the then owners of Company A and the Company, taking into account a number of factors including the potential strategic alliance in the relevant businesses. The Company used its internal resources to satisfy the cash consideration.

Company A, is primarily engaged in financial service business. The Company believes that the Acquisition is complementary to our Group's principal businesses. The Acquisition has completed in November 2022. The Company believes that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole. To the Company's best knowledge, information and belief, having made all reasonable enquiries, Company A and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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

**(a) The percentage ratios of the Acquisition are all less than 5% by reference to the most recent financial year of the Track Record Period:**

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules of the Acquisition are all significantly less than 5% by reference to the most recent financial year of the Track Record Period.

Accordingly, the Company believes that the Acquisition is immaterial and does not expect the Acquisition to result in any significant changes to its financial position since June 30, 2022, and all information that is reasonably necessary for potential investors to make an informed assessment of its activities or financial position has been included in this document. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

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**(b) The historical financial information of Company A fulfilling the disclosure requirement under Rule 4.04 of the Listing Rules would be unduly burdensome to obtain or prepare:**

The Acquisition was only completed in November 2022, and the Company did not have full access to the books and records of Company A until then. It would require considerable time and resources for the Company and its reporting accountant to fully familiarize themselves with the management accounting policies of Company A, and compile the necessary financial information and supporting documents for the disclosure in this document. As such, we believe it would be impracticable and unduly burdensome within the tight timeframe for us to disclose the audited financial information of Company A in accordance with the U.S. GAAP in this document as required under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules.

In addition, having considered the Acquisition to be immaterial and that the Company does not expect the Acquisition to have any material effect on its business, financial condition or operations, the Company believes that it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of Company A during the Track Record Period in accordance with U.S. GAAP in this document. As the Company does not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, the Company does not believe that the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the investors.

**(c) Alternative disclosure of the Acquisition in the listing document:**

The Company has disclosed alternative information about the Acquisition in this document. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Company's Directors consider to be material, including, for example, descriptions of the principal business activities, the expected investment amounts, and a statement as to whether the core connected persons at the level of the Company is a controlling shareholder of Company A. Further, the Acquisition was not required to be disclosed in the U.S. market pursuant to the applicable U.S. laws and regulations (including applicable listing rules). The Company has however excluded disclosure on the name of Company A in this document. The Company considers that in light of the competitive nature of the industry in which the Company operates, it is commercially sensitive to disclose the identity of Company A as such information may enable the Company's competitors to anticipate the Company's investment strategy and business expansion plan. Since each of the relevant percentage ratios of the Acquisition is less than 5% by reference to the most recent financial year of the Track Record Period, the Company does not expect the Acquisition to result in any material changes to its financial position after the Track Record Period. As such, the Company does not believe that the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the investors, and believes the current disclosure is adequate for potential investors to form an informed assessment of the Company.

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### **DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGES IN SHARE CAPITAL**

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of the Group within two years immediately preceding the issue of this document.

We have identified ten entities that we consider are our major subsidiaries and Consolidated Affiliated Entities primarily responsible for the track record results of our Group (the “**Principal Entities**,” and each a “**Principal Entity**”). For further details, see “History and Corporate Structure — Our Major Subsidiaries and Consolidated Affiliated Entities.” Globally, our Group has approximately 32 subsidiaries and Consolidated Affiliated Entities, across six different jurisdictions. It would be unduly burdensome for our Company to disclose information relating to the change of share capital of all of its subsidiaries and Consolidated Affiliated Entities, which would not be material or meaningful to investors. By way of illustration, (a) for the three years ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, the aggregate revenue of the Principal Entities represented approximately 97.8%, 99.0%, 98.9% and 97.7% of the Group’s total revenues, respectively; and (b) as of December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, the aggregate assets of the Principal Entities represented approximately 99.2%, 99.8%, 98.1% and 97.6% of the Group’s total assets, respectively. Accordingly, the remaining subsidiaries and Consolidated Affiliated Entities in our Group are not significant to the overall operations and financial results of the Group. Additionally, our non-Principal Entities do not hold major or material assets (save for passive financial products and equity investments of the Group), intellectual property rights or other major proprietary technologies or major research and development functions of the Group.

Particulars of the changes in the share capital of the Company and the Principal Entities have been disclosed in “Statutory and General Information — A. Further Information about our Group — 2. Changes in share capital of our Company” and “Statutory and General Information — A. Further Information about our Group — 3. Changes in the share capital of our major subsidiaries and Consolidated Affiliated Entities” in Appendix IV to this document.

### **WAIVER IN RELATION TO SHARE ISSUANCE WITHIN SIX MONTHS FROM THE LISTING DATE**

Rule 10.08 of the Listing Rules provides that no further shares or securities convertible into equity securities of a listed issuer may be issued or form the subject of any agreement to such an issue within six months from the date on which securities of the listed issuer first commence dealings on the Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing) except for the circumstances more particularly stated in the Listing Rules.

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The Company has been listed on the Nasdaq for more than 12 months. The Company will not raise any new funds pursuant to the Introduction, thus the Shareholders would not suffer any dilution of their interests in the Company as a result of the Introduction. However, it is essential for the Company to have flexibility in raising funds by way of further issue of new Shares or entering into further acquisitions for share consideration should an appropriate opportunity arise. In addition, the Company considers that any issue of new Shares by the Company will enhance the Shareholders' base and increase the trading liquidity of the Shares. The interests of the existing Shareholders and prospective investors would be prejudicial if the Company could not raise funds for its business development or expansion due to the restrictions under Rule 10.08 of the Listing Rules.

Therefore, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 10.08 of the Listing Rules on the conditions that:

- (a) any further issue of new Class A Ordinary Shares will be (i) made under a general mandate or (ii) subject to the Shareholders' approval as required under Rule 13.36 of the Listing Rules with the total number of Class A Ordinary Shares that are issued or may be issued not exceeding 20% of the total number of Class A Ordinary Shares in issue as at the Listing Date. Upon the completion of any issuance(s) within six months after the Listing Date, the aggregate voting power of the Controlling Shareholders in the Company would be no less than 74.32%;
- (b) the dilution of the Controlling Shareholders' interest resulting from any issue of new Class A Ordinary Shares will not result in the Controlling Shareholders ceasing to be Controlling Shareholders within 12 months after the Listing Date in compliance with Rule 10.07(1) of the Listing Rules; and
- (c) any issue of Class A Ordinary Shares by the Company within the first six months from the Listing Date must be either (i) for consideration to fund a specific acquisition of assets or business that will contribute to the growth of the Group's operation or for full or partial settlement of the consideration for such acquisition; or (ii) pursuant to a general mandate approved by our Shareholders for the issue of further Class A Ordinary Shares as disclosed in this document.

Solely for illustration purpose, assuming a maximum issue of 20% of the total number of Class A Ordinary Shares in issue as at the Listing Date, the Controlling Shareholders are expected to control approximately 74.32% of the total voting power in the Company immediately upon the completion of such issue.