
WAIVERS AND EXEMPTION

In preparation of the Listing, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, except as otherwise permitted by the Stock Exchange at its discretion, all applicants applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of an applicant's executive directors must be ordinarily resident in Hong Kong.

Our headquarters are based, and substantially all of the business operations of our Group, are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC and they play very important roles in our Company's business operations. It is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, or does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied for, and the Stock Exchange has granted the Company, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that the Company will implement the following arrangements:

- (i) We have appointed Ms. Tao and Ms. Ka Man So as our authorized representatives (the "Authorized Representatives") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with inquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;
- (ii) When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;

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- (iii) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time;
- (iv) We have appointed Somerley Capital Limited as our Compliance Adviser upon the Listing pursuant to Rules 3A.19 and 8A.33 of the Listing Rules commencing on the Listing Date. The Compliance Adviser will have access at all times to our Authorized Representatives, Directors, and members of our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available. The contact details of the Compliance Adviser has been provided to the Hong Kong Stock Exchange and the Company will inform the Hong Kong Stock Exchange promptly in respect of any change in the Compliance Adviser; and
- (v) The Company has designated staff members as the communication officer at the Company's headquarters after the Listing who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors to further facilitate communication between the Hong Kong Stock Exchange and the Company.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience," the Stock Exchange will consider the individual's:

- (i) length of employment with the issuer and other issuers and the roles he/she played;

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- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Qi Zhao (“Ms. Zhao”), as one of our joint company secretaries. Ms. Zhao has sufficient experience in regulatory compliance matters of our Company but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Ka Man So (“Ms. So”), who is associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, 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. Ms. So will provide assistance to Ms. Zhao for an initial period of three years from the Listing Date to enable Ms. Zhao to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Ms. Zhao does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. So may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time (the “Waiver Period”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. So will work closely with Ms. Zhao to jointly discharge the duties and responsibilities as company secretary and assist Ms. Zhao in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. So will also assist Ms. Zhao in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. So is expected to work closely with Ms. Zhao and will maintain regular contact with Ms. Zhao, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. So ceases to provide assistance to Ms. Zhao as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Zhao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing. Ms. Zhao will also be assisted by (a) Compliance Adviser of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and the applicable laws and regulations.

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Before the expiration of the initial three-year period, the qualifications of Ms. Zhao will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Zhao, having benefited from the assistance of Ms. So for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE 2018 SHARE INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, disclose in this Prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options.

Paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which 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, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the date of this Prospectus, our Company had granted outstanding options under the 2018 Share Incentive Plan to 537 grantees (the “Grantee(s)”) to subscribe for an aggregate of 395,046,975 Class B Ordinary Shares, among which options representing 11,000,000 Class B Ordinary Shares were granted to Mr. Yufeng Zhang, a former Director, and options representing 384,046,975 Class B Ordinary Shares were granted to 536 other employees or former employees of the Group, who are not Directors, members of senior management, consultants or connected persons of the Company.

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As of the date of this Prospectus, our Company had granted outstanding share awards under the 2018 Share Incentive Plan to 2,527 participants (the “Awardee(s)”) for an aggregate of 1,049,903,241 Class B Ordinary Shares, among which share awards representing 131,774,806 Class B Ordinary Shares were granted to five Directors, namely, Dr. Yu, Dr. Huang, Ms. Tao, Dr. Liming Chen and Dr. Ya-Qin Zhang, and two former Directors, namely, Mr. Yufeng Zhang and Mr. Feng Zhou, and share awards representing 918,128,435 Class B Ordinary Shares were granted to 2,520 other employees or former employees of the Group, who are not Directors, members of senior management, consultants or connected persons of the Company.

The Class B Ordinary Shares underlying the outstanding options and share awards represent approximately 3.03% and 8.06%, respectively, of the total number of Shares in issue immediately after completion of the Global Offering assuming the Over-allotment Option is not exercised.

No options or share awards under the 2018 Share Incentive Plan will be further granted after the Listing. For more details of the 2018 Share Incentive Plan, see “Statutory and General information — D. Share Incentive Plans — 1. 2018 Share Incentive Plan” in Appendix IV to this Prospectus.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the 2018 Share Incentive Plan and the Grantees on the ground that full compliance with such disclosure requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

- (a) given that 537 Grantees are involved, our Directors consider that it would be unduly burdensome to disclose full details of all the Options granted by us in this Prospectus, which would involve a substantial number of pages of content to be inserted into this Prospectus, significantly increasing the cost and timing for information compilation and Prospectus preparation;
- (b) the key information of the 2018 Share Incentive Plan will be disclosed in this Prospectus, including (i) a summary of the terms of the 2018 Share Incentive Plan; (ii) the aggregate number of the Class B Ordinary Shares subject to the Options and the percentage of our Class B Ordinary Shares of which such number represents; (iii) the potential dilution effect on shareholdings and the impact on earnings per Class B Ordinary Share upon full exercise of the Options immediately following completion of the Global Offering; (iv) the details of the Options granted under the

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2018 Share Incentive Plan by the range of underlying Class B Ordinary Shares, including exercise prices, grant dates, vesting periods and the percentage of our Company's total issued share capital represented upon completion of the Global Offering;

- (c) the grant and exercise in full of the Options under the 2018 Share Incentive Plan will not cause any material adverse impact to the financial position of our Group; and
- (d) the lack of full compliance with the disclosure requirements set out above will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interests of any potential investors.

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not hinder potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the public investors.

The Stock Exchange has granted to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the options and share awards granted under the 2018 Share Incentive Plan subject to the conditions that:

- (a) the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC;
- (b) on an individual basis, full details of all the options granted by the Company under the 2018 Share Incentive Plan to (i) each of the Directors, senior management and connected persons of the Company and (ii) Grantees who had been granted options to subscribe for an aggregate number of 11,000,000 or more Class B Ordinary Shares, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this Prospectus;

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- (c) in respect of the options granted by our Company under the 2018 Share Incentive Plan to the remaining Grantees other than those referred to in sub-paragraph (b) above (the “**Other Grantees**”), the following details will be disclosed in this Prospectus, on an aggregate basis, and categorized into lots based on numbers of Class B Ordinary Shares underlying each individual Grantee, being (i) less than 2,500,000 Class B Ordinary Shares; (ii) 2,500,000 to 4,999,999 Class B Ordinary Shares; (iii) 5,000,000 to 7,499,999 Class B Ordinary Shares; and (iv) 7,500,000 to 10,999,999 Class B Ordinary Shares, and for each lots of Class B Ordinary Shares: (i) the number of the Other Grantees and the number of Class B Ordinary Shares underlying the options, (ii) the considerations paid for the grant of options, (iii) vesting period, exercise period and the exercise prices of the options granted, (iv) the range of grant dates, (v) the range of vesting periods, (vi) the percentage of our Company’s total issued share capital represented by such lots upon completion of the Global Offering;
- (d) on an individual basis, full details of the outstanding share awards granted to each of the Directors, senior management and connected persons (if any) of the Company which include all the particulars required under Rule 17.02(1)(b) of the Listing Rules are disclosed in the Prospectus on an individual basis. In addition, with respect to the share awards granted to persons other than connected persons, disclosure are made in the Prospectus on an aggregate basis, and details including the aggregate number of such Awardees and the number of Class B Ordinary Shares subject to the share awards, the consideration paid for the grant of the share awards, the grant dates and vesting period of the share awards granted, the percentage of our Company’s total issued share capital represented by such lots upon completion of the Global Offering, will be disclosed in the Prospectus;
- (e) the aggregate number of Class B Ordinary Shares underlying the outstanding options and share awards granted and the percentage of our Company’s total issued share capital represented by such number of Class B Ordinary Shares as of the date of this Prospectus will be disclosed in this Prospectus;
- (f) as of the date of this Prospectus, all Class B Ordinary Shares granted under the 2018 Share Incentive Plan have been issued to employee shareholding platforms set up by our Company with independent professional trustee companies. Accordingly, there will not be any dilution effect on the shareholdings of our Shareholders nor any impact on the earnings per share arising from the full vesting or the exercise of the outstanding options and share awards after Listing, details of which will be disclosed in the section headed “Statutory and General Information — D. Share Incentive Plans — 1. 2018 Share Incentive Plan” in Appendix IV to this Prospectus;
- (g) a summary of the principal terms of the 2018 Share Incentive Plan will be disclosed in the section headed “Statutory and General Information — D. Share Incentive Plans — 1. 2018 Share Incentive Plan” in Appendix IV to this Prospectus;
- (h) the particulars of this waiver are set out in this Prospectus; and

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- (i) a full list of all the Grantees who had been granted options to subscribe for and Awardees who had been granted share awards for the Class B Ordinary Shares under the 2018 Share Incentive Plan, containing all details as required under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix V to this Prospectus.

The SFC has granted us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

- (a) on an individual basis, full details of all the options granted by our Company under the 2018 Share Incentive Plan to (i) each of our Directors, senior management and connected persons of our Company and (ii) Grantees who had been granted options to subscribe for an aggregate number of 11,000,000 or more Class B Ordinary Shares, are disclosed in this Prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted by our Company under the 2018 Share Incentive Plan to the Other Grantees, the following details be fully disclosed in this Prospectus, on an aggregate basis, and categorized into lots based on numbers of Class B Ordinary Shares underlying each individual Grantee, being (i) less than 2,500,000 Class B Ordinary Shares; (ii) 2,500,000 to 4,999,999 Class B Ordinary Shares; (iii) 5,000,000 to 7,499,999 Class B Ordinary Shares; and (iv) 7,500,000 to 10,999,999 Class B Ordinary Shares, and for each lots of Class B Ordinary Shares: (i) aggregate number of Grantees and the number of Class B Ordinary Shares subject to the options; (ii) the consideration paid for the grant of the options; and (iii) the exercise period and the exercise price for the options;
- (c) a full list of all the grantees (including the persons referred to in sub-paragraphs (a) and (b) above) who have been granted options to subscribe for Class B Ordinary Shares under the 2018 Share Incentive Plan, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix V to this Prospectus;
- (d) the particulars of the exemption be set out in this Prospectus; and
- (e) this Prospectus is issued on or before October 16, 2024.

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Further details of the 2018 Share Incentive Plan are set out in the section headed “Statutory and General Information — D. Share Incentive Plans — 1. 2018 Share Incentive Plan” in Appendix IV to this Prospectus.

WAIVER IN RELATION TO CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements as set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, please refer to the section headed “Connected Transactions” in this Prospectus.

WAIVER IN RELATION TO POST-TRACK RECORD PERIOD ACQUISITION

Rules 4.04(2) and 4.04(4) of the Listing Rules require that the new applicant include in its accountants’ report the results and balance sheet of any business or subsidiary acquired, agreed 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 this Prospectus.

Pursuant to note (4) of Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver of Rules 4.04(2) and 4.04(4) of the Listing Rules taking into account the following factors:

- (a) that all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant’s trading record period;
- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (c) (i) where a new applicant’s principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rule 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, “control” means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer)

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or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or

- (ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target’s books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

Background of the Investment

In May 2024, we entered into a joint venture agreement in relation to our further investment in one of our associated companies (“**Target Company**”) established in the PRC, which is principally engaged in design, development, manufacturing, and sales of integrated hardware and software system solutions for ADAS and AD. Pursuant to the joint venture agreement, shares controlled by our Group will be increased from 30.58% to 47.03% in the registered share capital of the Target Company at a consideration of RMB109,240,000, which was settled with our internal resources in August 2024, based on arms’ length negotiations (the “**Investment**”). The Target Company will be accounted as our joint venture after the completion of the Investment and the remaining shares of the Target Company will be held by an affiliate of one of our tier-one customers as to 50% and an investment fund as to 2.97%, both of which are our Independent Third Parties.

According to the unaudited management accounts of the Target Company, (i) its total assets was approximately RMB214.0 million and RMB149.5 million as at December 31, 2022 and 2023, respectively, (ii) its revenue was approximately RMB0.6 million and RMB10.6 million for the years ended December 31, 2022 and 2023, respectively, and (iii) its net loss was approximately RMB110.0 million and RMB97.1 million for the years ended December 31, 2022 and 2023, respectively.

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Reasons and Benefits of the Investment

For the purpose of our business expansion, we had been acquiring minority interests in several investee companies during and subsequent to the Track Record Period. The Company believes that the Investment will create further strategic synergy between the Group and our business partners and will also support the Group's long-term business development.

Our Directors considered that the Investment is on normal commercial terms, fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Conditions to the waiver granted by the Stock Exchange

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

(a) Immateriality

Under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Investment are below 5% by reference to the most recent audited financial year of the Track Record Period. We consider the Investment to be immaterial in the context of our Company's operations as a whole and therefore a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules will not affect potential investors' assessment of our business and future prospects when considering an investment in our Company.

(b) Acquisition of minority interests only and absence of control

We will not be able to control a majority of the board of directors nor the daily management of the Target Company and therefore it will not be treated as our subsidiary upon completion of the Investment. As a result, its financial information will not be consolidated into our Group.

(c) Impracticality and undue burden

As we will not control the Target Company and it will not be consolidated into our financial information, we are unable to provide our reporting accountant with full access to its financial record, provide them opportunities to fully familiarize with the Target Company's accounting policies or to gather and compile the necessary financial information and supporting documents to prepare the financial information required under the Listing Rules. As such, it would be impracticable and unduly burdensome for us to disclose the financial information of the Target Company in strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules.

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(d) Alternative disclosure in this Prospectus

We have provided alternative information in this Prospectus in connection with the Investment required for the announcement for a discloseable transaction under Chapter 14 of the Listing Rules including, among other things, (i) the reasons for the Investment, (ii) description of the principal business of the Target Company, (iii) descriptions of the remaining shareholders of the Target Company and a confirmation that the remaining shareholders of the Target Company are Independent Third Parties, (iv) the consideration for the Investment and how it was satisfied, and (v) basis on which the consideration for the Investment was determined.

For the avoidance of doubt, the identity of the Target Company was not disclosed because (i) disclosure of its identity is commercially sensitive and may jeopardize our business relationship with the Target Company and its remaining shareholders, and (ii) given the competitive nature of the industry in which the Company operates, it is significant for us to avoid disclosing the identity of the Target Company with a view to preventing our competitors anticipating our business plans.

WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF AND CONSENT UNDER PARAGRAPH 5(2) OF APPENDIX F1 TO THE LISTING RULES IN RESPECT OF SUBSCRIPTIONS OF OFFER SHARES BY AN EXISTING SHAREHOLDER AS CORNERSTONE INVESTOR

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. The conditions in Rules 10.03(1) and (2) of the Listing Rules are that (a) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

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As further described in the section headed “Cornerstone Investors”, JSC International Investment Fund SPC (acting for and on behalf of Ning Bo Yong Ning Gao Xin SP) (thereafter “**Ning Bo Yong Ning Gao Xin SP**”) is an existing Shareholder and has entered into a cornerstone investment agreement with the Company. For further details of the cornerstone investment, please refer to the section headed “Cornerstone Investors”. Ning Bo Yong Ning Gao Xin SP is also a close associate of JSC International Investment Fund SPC acting for and on behalf of Shan Xin SP (“**Shan Xin SP**”), an existing shareholder of the Company. Please refer to the section headed “History, Reorganization and Corporate Structure — Capitalization” for further details.

The information about Ning Bo Yong Ning Gao Xin SP has been set out in the section headed “Cornerstone Investors”. Further, the general partner of Ning Bo Yong Ning Gao Xin SP is ultimately controlled by Beijing Financial Holdings Group Limited (北京金融控股集團有限公司), which is the largest shareholder of CSC Financial Co., Ltd. (中信建投証券股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 06066.HK) and the Shanghai Stock Exchange (stock code: 601066.SH), which is an affiliate of China Securities (International) Corporate Finance Company Limited, one of the Joint Sponsors and the underwriters. Ning Bo Yong Ning Gao Xin SP and China Securities (International) Corporate Finance Company Limited are not members of the same group of companies.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 10.04 of, and consent under paragraph 5(2) of Appendix F1 to, the Listing Rules to allow Ning Bo Yong Ning Gao Xin SP to participate in the Global Offering as a cornerstone investor, subject to the following conditions:

- (i) Ning Bo Yong Ning Gao Xin SP, together with Shan Xin SP, is interested in less than 5% of the Company’s voting rights before the Listing;
- (ii) neither Ning Bo Yong Ning Gao Xin SP nor Shan Xin SP is and will be a core connected person of the Company or a close associate of any such core connected person;
- (iii) each of Ning Bo Yong Ning Gao Xin SP and Shan Xin SP (a) is only a minority financial investor of the Company and does not participate in the day-to-day operations or management of the Company; and (b) does not have the power to appoint Directors or any other special rights in the Company which may influence the allocation process;
- (iv) the allocation to Ning Bo Yong Ning Gao Xin SP will not affect the Company’s ability to satisfy the minimum public float requirement under Rule 8.08(1) of the Listing Rules;

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- (v) the Joint Sponsors confirm to the Stock Exchange in writing that based on (i) their discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators, and to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to Ning Bo Yong Ning Gao Xin SP or its close associates by virtue of their relationship with our Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation will be disclosed in the Company's prospectus and/or allotment results announcement;
- (vi) the Company and the Overall Coordinators confirm to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to Ning Bo Yong Ning Gao Xin SP or its close associates by virtue of their relationship with the Company in any allocation in the placing tranche, other than the assured entitlement for a cornerstone investor following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants; and
- (vii) our Company confirms that the cornerstone investment agreement does not contain any material term which is more favourable to Ning Bo Yong Ning Gao Xin SP than those in other cornerstone investment agreements.

WAIVER IN RELATION TO CLAWBACK MECHANISM

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

Subject to the Stock Exchange granting the waiver described below, the Hong Kong Public Offering and the International Offering will initially account for 10.0% and 90.0% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Paragraph 4.2 of Practice Note 18 to the Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

- (a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 13 times or more but less than 46 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 203,266,200 Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised);

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- (b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 46 times or more but less than 92 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 271,021,800 Offer Shares, representing approximately 20.0% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised); and
- (c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 92 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 542,043,000 Offer Shares, representing approximately 40.0% of the Offer Shares initially available under the Global Offering (assuming Over-allotment Option is not exercised).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators would have discretion to allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. On the other hand, if the Hong Kong Public Offering is not fully subscribed, the unsubscribed Offer Shares under the Hong Kong Public Offering may be reallocated to the International Offering. See “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” for further details.