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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue with, certain transactions which would constitute continuing connected transactions of our Company under the Listing Rules after the Listing. We have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the non-exempt continuing connected transactions. Further information on such non-exempt continuing connected transactions and the waiver granted is set forth in the section headed "Connected Transactions" in this prospectus.

### APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Rule 3.10 of the Listing Rules requires the appointment of at least three independent non-executive directors. However, the three-tier corporate structure under German law inherently does not contemplate the notion of independent non-executive director. The role of the management board is to manage the company and make decisions about business related matters. It is against German laws for an AG to appoint any management board member (i.e. non-executive director) who does not take on management roles. Therefore, if any person is appointed as an "independent non-executive director" to the management board, such appointment would not be legal and the court would not register the appointment of such person as a member of the management board. We consider the role and responsibilities of independent non-executive directors under the Listing Rules are similar to those of the supervisory board of an AG under German law. Please refer to the section headed "Appendix V — Summary of German Legal and Regulatory Provisions — (n) Supervisory board" in this prospectus for further details of the roles and responsibilities of the supervisory board.

In light of the statutory differences under German law, we have appointed three Independent Supervisors who are in compliance with the independence requirements under Rule 3.13 of the Listing Rules and have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 3.10 of the Listing Rules to have at least three independent non-executive directors. Our three Independent Supervisors, namely Mr Park Kun Hwa, Mr Lee Choong Min and Mr Shin Kiyong shall take the place of an independent non-executive director under Rule 3.10 and reserve the necessary duties. Pursuant to the Listing Rules, the principal duties and obligations specific to independent non-executive directors include the followings and they will be resumed by the Independent Supervisors:

- (a) Rule 3.21 - establishment of audit committee comprising majority of independent non-executive directors
- (b) Rule 8.10(3) - in case where the controlling shareholder with an interest in a business apart from our Company's business which competes or is likely to compete with our Company's business, the Hong Kong Stock Exchange may require the appointment of sufficient number of independent non-executive directors to ensure that the interests of the general shareholders will be adequately represented

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- (c) Rules 13.39(6) and (7) - establishment of an independent board committee which shall consist only of independent non-executive directors to advise shareholders as to whether the terms of the relevant transaction or arrangement are in the interest of the issuer and its shareholders as a whole
- (d) Rule 13.68 - establishment of remuneration committee or independent board committee, which is required to form a view in respect of service contracts falling under Rule 13.68
- (e) Rule 14A.37 - annual review and confirmation of the continuing connected transactions by independent non-executive directors
- (f) Rule 14A.55 - independent non-executive directors to provide their views on connected transactions not falling under Rule 14A.31 or Rule 14A.33
- (g) Rule 14A.57 - independent non-executive directors to provide their opinion on the profit guarantees given by a connected person
- (h) Rule 17.04(1) - grant of options to a director, chief executive or substantial shareholder of a listed issuer or their associate must be approved by independent non-executive directors
- (i) B.1.1 of Appendix 14 - establishment of remuneration committee comprising majority of independent non-executive directors
- (j) A.4.4 of Appendix 14 - establishment of nomination committee comprising majority of independent non-executive directors

Please refer to the section headed “Supervisory Board and Independent Supervisors” in this prospectus for further details.

On the basis of the above, we have applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirement in Rule 3.10 for our Company to have at least three independent non-executive directors on the conditions that (i) our Company will appoint, and will maintain at all times after the Listing, at least three Independent Supervisors who will satisfy the independence requirements under Rule 3.13 of the Listing Rules, with at least one of the Independent Supervisors possessing appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2); and (ii) all duties and obligations specific to independent non-executive directors as required under the Listing Rules will be assumed and performed by our Independent Supervisors.

### ARTICLES OF ASSOCIATION

The constitutional document of a company listed on the Hong Kong Stock Exchange must conform with the provisions set out in Appendix 3 to the Listing Rules. Paragraph 12 of Appendix 3 to the Listing Rules provides that “*No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.*” However, the German Stock

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Corporation Act provides that a shareholder of an AG is under an obligation to give notice to the AG if he has acquired certain percentage of shareholding in that AG. It is also provided under the German Stock Corporation Act that, until such time when such shareholder has discharged his obligation by making appropriate disclosure to the AG, he is not entitled to exercise certain of his shareholder's rights, including voting rights attaching to the shares in the AG held by him. For further details, please refer to the sub-paragraph headed "Appendix V — Summary of German Legal and Regulatory Provisions — German Companies Law — Disclosure obligations of shareholders of an AG" in this prospectus. The restriction of shareholders' right under this circumstance is mandatory under German laws and cannot be waived or otherwise avoided by an AG. Such restriction under the German law is not generally applicable to all shareholders as it only applies to substantial shareholder holding not less than 25% interest in our Company. On that basis, we are of the view that interests of our Shareholders would not be materially prejudiced, and the difference in German laws and Listing Rules should not be considered a material deficiency in shareholder protection standard of German incorporated company in general. Accordingly, we have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 12 of Appendix 3 to the Listing Rules, on the basis that compliance with such rule would result in contravention of the German laws by our Company.

### **AMENDMENT OF SHARE CAPITAL AMOUNT IN THE ARTICLES OF ASSOCIATION**

Rule 13.51(1) of the Listing Rules provides that an issuer shall inform the Hong Kong Stock Exchange if there is any proposed alteration of the issuer's articles of association. The issuer shall also issue a circular to shareholders containing the proposed amendments, and to obtain shareholders' approval for such amendments.

A share capital increase in an AG can be achieved in three ways: (i) a regular share capital increase through shareholders resolution, (ii) an authorised share capital increase, and (iii) a contingent share capital increase. For cases (ii) and (iii), shareholders of a company would allow the management and supervisory boards to exercise a share capital increase within the pre-approved threshold resolved by shareholders. However, under the German Stock Corporation Act, when the management board and supervisory board exercise a share capital increase within the pre-approved threshold resolved by shareholders (which is the case for an authorised share capital increase and a contingent share capital increase), the supervisory board is authorised by the articles of association, to update the respective provisions of the articles of association to reflect the change in the share capital. An AG must not perform any capital increase without updating the respective provisions of the articles of association relating to the share capital. Under German laws, updating of the relevant share capital amount of a Company as contained in its articles of association is regarded as a routine administrative duty of the supervisory board as the shareholders have already pre-approved such a threshold in the case of an authorised share capital increase or a contingent share capital increase. This is primarily performed for informing the shareholders and the public of the latest share capital of our company, and will be reviewed by a notary public and the competent court who registers the respective capital increase.

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Our Company considers the changes and updating of share capital amount of in the Articles of Association pursuant to resolutions passed by Shareholders (including the general mandate granted by our Shareholders to our Management Board) a regular and customary process required under German laws. The regular updating of the Articles of Association regarding our Company's share capital structure allows our Shareholders to apprehend the up-to-date information about our Company's capital structure, and is in the interest of our Company and our Shareholders.

Strict compliance with Rule 13.51(1) of the Listing Rules for all proposed amendments of the respective provisions of the Articles of Association relating to the share capital would require our Company to issue a circular to our Shareholders containing the proposed amendments, and to obtain their approval for such amendments for each update. As such, our Directors are of the view that strict compliance with Rule 13.51(1) of the Listing Rules for all proposed updating of share capital amount of our Company pursuant to resolutions passed by Shareholders (including the general mandate granted by our Shareholders to our Management Board) would be unduly burdensome and is inappropriate as it would render the share capital increase of our Company from an authorised share capital or from a contingent share capital impossible. Other than the proposed regular updating of the Articles of Association as provided in paragraph above, our Company will not make any changes to the Articles of Association unless with prior shareholders' approval, and will ensure compliance with the Listing Rules and applicable laws of Germany and Hong Kong.

On the basis of the above, we have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 13.51(1) by our Company for the requirement to issue a circular to shareholders containing the proposed amendments, and to obtain their approval for such amendments, for the update of the respective provisions of the Articles of Association relating to the share capital of our Company in the event of a share capital increase within the pre-approved threshold resolved by our Shareholders.