

# SECTION A1

## WAIVERS AND EXEMPTIONS

In preparation for the Listing, the Company has sought the following waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules, the SFO and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and have applied for a ruling under the Takeovers Codes:

| <b>Rules</b>   | <b>Subject matter</b>  |
|--|--|
| Rule 2.07A of the Hong Kong Listing Rules  | Printed Corporate Communications   |
| Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules  | Investments and Acquisitions after the Track Record Period   |
| Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance        | Disclosure Requirements Relating to the Accountant's Report  |
| Rule 8A.44, Appendix 3 and Part B of Appendix 13 to the Hong Kong Listing Rules  | Requirements Relating to the Articles of Association of the Company  |
| Rule 9.09(b) of the Hong Kong Listing Rules  | Dealings in Shares prior to Listing  |
| Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules   | Subscription for Shares by Existing Shareholders   |
| Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules   | Printed Prospectuses   |
| Rule 13.25B of the Hong Kong Listing Rules   | Monthly Return   |
| Rule 13.46(2)(b) of the Hong Kong Listing Rules  | Laying Annual Financial Statements Before Members at an Annual General Meeting Within Six Months After the End of Financial Year |
| Paragraphs 13 and 26 of Appendix 1A to the Hong Kong Listing Rules and Paragraphs 11, 14 and 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance | Particulars of any Commissions, Discounts and Brokerages, Alterations of Capital and Authorized Debentures                       |

| <b>Rules</b>  | <b>Subject matter</b>   |
|---|---|
| Paragraph 27 of Appendix 1A of the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance    | Disclosure Requirements of Options  |
| Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance   | Particulars of Debenture Holders  |
| Paragraph 29(1) of Appendix 1A to the Hong Kong Listing Rules and Paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance | Disclosure of Information on Subsidiaries Whose Profits or Assets Make Material Contribution to The Company |
| Paragraphs 33(2), 33(3), 46(2), 46(3) of Appendix 1A to the Hong Kong Listing Rules   | Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments Were Highest |
| Paragraph 3(b) of Practice note 15 to the Hong Kong Listing Rules   | Three-year Restriction on Spin-offs   |
| Paragraph 32 of Appendix 1A to the Hong Kong Listing Rules and Guidance Letter HKEX-GL37-12   | Timing Requirement of Liquidity Disclosure  |
| Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules  | Disclosure of Offer Price   |
| Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules  | Clawback Mechanism  |
| Section 4.1 of the Introduction to the Takeovers Codes  | Not a public company in Hong Kong under Takeovers Code  |
| Part XV of the SFO  | Disclosure of interests under Part XV of SFO  |
| Paragraphs 41(4) and 45 of Appendix 1A to and Practice Note 5 of the Hong Kong Listing Rules  | Disclosure of Interests Information   |

### **Printed Corporate Communications**

Rule 2.07A of the Hong Kong Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that either the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in a general meeting that the listed issuer may

send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and certain conditions are satisfied.

The Company's ADSs have been listed on the Nasdaq since March 2018. The Company has a diverse shareholder base with ADS holders globally.

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

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

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

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

### **Investments and Acquisitions after the Track Record Period**

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules, the 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.

### ***Investments since the Track Record Period***

During the Track Record Period, the Company has made minority investments in a few companies both in China and overseas in the ordinary and usual course of business to further its strategic objectives. Since the Track Record Period and up to the Latest Practicable Date, the Company has made or proposed to make minority investments in a number of companies, and it expects to continue to enter into further minority investments subsequent to the Latest Practicable Date and prior to the date of this prospectus (collectively, the “**Investments**”). Details of the Investments up to the Latest Practicable Date include:

| <b>Investment<sup>(1)(3)</sup></b> | <b>Consideration<sup>(2)</sup></b><br><i>(approximately<br/>RMB million)</i> | <b>Percentage of<br/>shareholding/<br/>equity interest<sup>(2)</sup></b> | <b>Principal business<br/>activities</b> |
|------------------------------------|--|--|--|
| Company A                          | 10   | 9.6%   | Multi-channel network                    |
| Company B                          | 50   | 0.4%   | Copy Rights                              |
| Company C                          | 49   | 0.5%   | Consumption                              |
| Company D                          | 30   | 17.1%  | Animation                                |
| Company E                          | 22   | 5.0%   | Animation                                |
| Company F                          | 4  | 10.0%  | Mobile Games                             |
| Company G                          | 25   | 2.5%   | Content Creator                          |
| Company H                          | 64   | 10.0%  | Film Production                          |
| Company I                          | 19   | 10.9%  | Music Production                         |
| Company J                          | 52   | 7.0%   | Consumption                              |
| Company K                          | 8  | 15.0%  | Consumption                              |
| Company L                          | 13   | 37.0%  | Mobile Games                             |
| Company M                          | 5  | 15.0%  | Music Production                         |
| Company N                          | 6  | 10.0%  | Film Production                          |
| Company O                          | 24   | 15.0%  | Consumption                              |
| Company P                          | 185  | 11.5%  | Mobile Games                             |

| <b>Investment</b> <sup>(1)(3)</sup> | <b>Consideration</b> <sup>(2)</sup><br><i>(approximately<br/>RMB million)</i> | <b>Percentage of<br/>shareholding/<br/>equity interest</b> <sup>(2)</sup> | <b>Principal business<br/>activities</b> |
|-------------------------------------|---|---|--|
| Company Q                           | 70  | 10.4%   | Comics                                   |
| Company R                           | 28  | 10.0%   | Animation                                |
| Company S                           | 3   | 10.0%   | Mobile Games                             |
| Company T                           | 12  | 15.0%   | Mobile Games                             |
| Company U                           | 7   | 10.0%   | Audio Production                         |
| <b>Total</b>                        | <b>686</b>  |   |  |

*Notes:*

- (1) Given that the Company has not yet entered into legally binding agreements for certain of the above Investments as at the Latest Practicable Date, the terms and information set out above might be subject to further changes.
- (2) The approximate consideration disclosed in the table represents each of the Investment after the Track Record Period. The percentage of shareholding/equity interest represents the Company's total pro forma shareholding in each of the Investments after the completion of the disclosed transaction.
- (3) To the best of our directors' knowledge, information and belief having made all reasonable enquiry, the target and ultimate beneficial owner of the target in each Investments are third parties independent of the Company and its connected persons.

The Company confirms that the investment amounts for the Investments are the result of commercial arm's length negotiations, based on factors including stock price (for public companies), market dynamics, a mutually agreed valuation, and/or capital need of the relevant company's operations.

Our directors believe that the Investments will complement the Group's businesses and support the growth of the Bilibili Platform by enhancing its features, functionality and content offerings, and are therefore expected to create synergies. Accordingly, our directors believe that the Investments, if consummated, will be fair and reasonable and in the interests of the Shareholders as a whole. The consideration for each of the Investments, if consummated, will be satisfied by the Group's own source of funds. For the avoidance of doubt, the proceeds of the Global Offering will not be used to fund the Investments.

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

## **Ordinary and usual course of business**

The Company confirms that it makes strategic equity investments in sectors relating to its business as part of its ordinary and usual course of business. The Company has a history of making minority investments and have conducted a number of minority investments during the Track Record Period.

## **The percentage ratios of each Investment are all less than 5% by reference to the most recent fiscal year of the Track Record Period**

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

Accordingly, the Company believes that the Investments have not resulted in, or are not expected to result in, any significant changes to its financial position since December 31, 2019, 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 prospectus. 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 Hong Kong Listing Rules would not prejudice the interests of the investors.

## **The Company is not able to exercise any control over the underlying company or business**

The Company confirms that: (i) it only holds and/or will only hold a minority equity interest in each of the Investments and does not control their boards of directors, and expects this to remain the case for any subsequent Investments; and (ii) it is also not involved in the day to day management of these Investments and only enjoys minority strategic shareholder rights. The minority rights given to the Company are generally commensurate to its status as a minority shareholder and are for the protection of its interests as a minority stakeholder in the Investments. These rights are neither intended, nor sufficient to compel or require the relevant companies to prepare or to disclose in this prospectus audited financial statements for the purposes of compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules. These disclosures are also not required pursuant to applicable U.S. securities laws. It could be prejudicial and potentially harmful to the Company's portfolio relationships and commercial interests to make such disclosures. In addition, as some portfolio companies are private, disclosing this information could harm their interests and bring them into an unfavorable competitive position. Accordingly, as the Company does not expect the Investments to result in any material changes to its financial position after the Track Record Period, the Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interest of the investors.

## Alternative disclosure of the Investments in the listing document

The Company has disclosed alternative information about the Investments in this prospectus. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules that the Company's directors consider to be material, including, for example, descriptions of the relevant companies' principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of the Company is a controlling shareholder of any of the Investments. The Company has however excluded disclosure on the names of certain companies in connection with the Investments in this prospectus because (i) the Company has entered into confidentiality agreements with these companies and does not have consent for such disclosure and/or (ii) given that the Company has not yet entered into legally binding agreements with respect to the Investments as of the Latest Practicable Date and the competitive nature of the industries in which the Company operates, disclosure of the names of the relevant companies in this prospectus is commercially sensitive and may jeopardize the Company's ability to consummate the proposed Investments. The Company considers that it is commercially sensitive to disclose the identities of the companies the Company invested in or propose to invest in as such information may enable the Company's competitors to anticipate the Company's investment strategy. Since the relevant percentage ratio of each Investment is less than 5% by reference to the most recent fiscal year of the Company's Track Record Period, the Company believes the current disclosure is adequate for potential investors to form an informed assessment of the Company. The Company does not expect to use any proceeds from the Listing to fund the Investments.

### *Acquisitions since the Track Record Period*

Since the Track Record Period, the Company has made or proposed to make a number of acquisitions and up to the Latest Practicable Date, and expects to continue to enter into further acquisitions subsequent to the Latest Practicable Date and prior to the date of this prospectus (collectively, the "Acquisitions"). Details of the Acquisitions up to the Latest Practicable Date include:

| <b>Target<sup>(1)(3)</sup></b> | <b>Consideration<sup>(2)</sup></b><br><i>(approximately<br/>RMB million)</i> | <b>Percentage of<br/>shareholding/<br/>equity interest<sup>(2)</sup></b> | <b>Principal business<br/>activities</b> |
|--------------------------------|--|--|--|
| Company V                      | 105  | 100%   | Online Games                             |
| Company W                      | 613  | 100%   | Animation                                |
| Company X                      | 50   | 100%   | Mobile app                               |
| <b>Total</b>                   | <b>768</b>   |  |  |

#### *Notes:*

- (1) Given that the Company has not yet entered into legally binding agreements for certain of the above Acquisitions as at the Latest Practicable Date, the terms and information set out above might be subject to further changes.

- (2) The approximate consideration disclosed in the table represents each of the Acquisitions after the Track Record Period. The percentage of shareholding/equity interest represents the Company's total pro forma shareholding in each of the Acquisitions after the completion of disclosed transaction.
- (3) To the best of our directors' knowledge, information and belief having made all reasonable enquiry, the target and ultimate beneficial owner of the target in each Acquisition are third parties independent of the Company and its connected persons.

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

Our directors believe that the Acquisitions will complement the Group's businesses and support the growth of the Bilibili Platform by enhancing its features, functionality and content offerings, and are therefore expected to create synergies. Accordingly, our directors believe that the Acquisitions, if consummated, will be fair and reasonable and in the interests of the Shareholders as a whole. The consideration for each of the Acquisitions, if consummated, will be satisfied by the Group's own source of funds. For the avoidance of doubt, the proceeds of the Global Offering will not be used to fund the Acquisitions.

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

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

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

Accordingly, the Company believes that the Acquisitions have not resulted in, or are not expected to result in, any significant changes to the Company's financial position since December 31, 2019, and all information that is reasonably necessary for the potential investors to make an informed assessment of the Company's activities or financial position has been included in this prospectus. As such, the Company considers that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

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

The Company confirms that the targets in respect of the Acquisitions do not have available historical financial information which is readily available for disclosure in this prospectus in accordance with the Hong Kong Listing Rules. In addition, it would require considerable time



and resources for the Company and its reporting accountant to fully familiarize themselves with the management accounting policies of the targets and compile the necessary financial information and supporting documents for disclosure in this prospectus. As such, the Company believes that it would be impractical and unduly burdensome for the Company to disclose the audited financial information of the targets as required under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules.

In addition, having considered the Acquisitions to be immaterial and that the Company does not expect the Acquisitions 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 the targets during the Track Record Period in this prospectus. As the Company does not expect the Acquisitions to result in any material changes to its financial position after the Track Record Period, the Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interests of the investors.

### **Alternative disclosure of the Acquisitions in the listing document**

The Company has provided alternative information about the Acquisitions in this prospectus. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules that the Company's directors consider to be material, including, for example, descriptions of the targets' principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of the Company is a controlling shareholder of any of the targets. The Company has however excluded disclosure on the names of certain targets in connection with the Acquisitions because (i) the Company has entered into confidentiality agreements with these companies and does not have consent from them for such disclosure and/or (ii) given that the Company has not yet entered into legally binding agreements with respect to all of these Acquisitions as of the Latest Practicable Date and the competitive nature of the industries in which the Company operates, disclosure of the names of the relevant companies in this prospectus is commercially sensitive and may jeopardize the Company's ability to consummate the proposed Acquisitions. It is commercially sensitive to disclose the identities of the companies the Company invested in or propose to invest in as such information may enable its competitors to anticipate the Company's investment strategy. Since the relevant percentage ratio of each Acquisition is less than 5% by reference to the most recent fiscal year of the Track Record Period, the Company believes the current disclosure is adequate for potential investors to form an informed assessment of the Company. The Company does not expect to use any proceeds from the Listing to fund the Acquisitions.

### **Disclosure Requirements Relating to the Accountant's Report**

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

- a) balance sheet at a company level;

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

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

During the Track Record Period, the Company adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Update 2016-13 “Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”, or ASC Topic 326, and “Accounting Standards Update 2016-02 “Leases” (Topic 842),” including certain transitional guidance and subsequent amendments, or ASC 842. The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the “Accountant’s Report” in Appendix I to this prospectus.

ASC Topic 326 was adopted on January 1, 2020 using the modified retrospective method with a cumulative-effect increase of approximately RMB17.9 million recorded in accumulated deficit on January 1, 2020. The new standard amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. The adoption of ASC Topic 326 had no significant impact on our Group’s financial position and performance.

ASC 842 was adopted on January 1, 2019 using the modified retrospective method by applying the new lease standard to all leases existing as of January 1, 2019, the date of initial application, and no adjustments were made to the comparative periods. Adoption of the new lease standard resulted in the recognition of RMB235.7 million of operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheet as of January 1, 2019. The adoption of the new lease standard does not have any significant impact on the consolidated statements of operations and comprehensive income and cash flows and there was no adjustment to the beginning accumulated deficit on January 1, 2019.

This prospectus includes the following alternative disclosures:

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

- b) disclosure of the relevant accounting policies adopted for the Track Record Period in the “Accountant’s Report” in Appendix I to this prospectus.

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

The Company has applied for, and the Hong Kong Stock Exchange and SFC have granted, (i) a waiver from strict compliance with the requirements under Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules, and (ii) an exemption from the requirements under Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this prospectus. The SFC has granted an exemption on the conditions that: (i) the particulars of such exemption are set out in this prospectus; and (ii) this prospectus will be issued on or before March 18, 2021.

### **Requirements Relating to the Articles of Association of the Company**

Rule 19.30(1)(b) of the Hong Kong Listing Rules provides that the Hong Kong 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. Note 1 to Rule 19C.06 of the Hong Kong Listing Rules provides that a Non-Grandfathered Greater China Issuer seeking a secondary listing under Chapter 19C of the Hong Kong Listing Rules must comply with Appendix 3 and Appendix 13 to the Hong Kong Listing Rules.

Rule 8A.44 of the Hong Kong Listing Rules requires issuers with WVR structures such as the 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 by incorporating them into their articles of association or equivalent document (together with the requirements under Appendix 3 and Appendix 13 to the Hong Kong Listing Rules, the “**Listing Rules Articles Requirements**”).

The Company's Articles do not comply with some of the Listing Rules Articles Requirements, namely, (i) paragraphs 2(2), 12, 13(2) and 14 of Appendix 3 to the Hong Kong Listing Rules, (ii) paragraphs 1, 2(1), 3(1), 3(2), 3(3), 4(1), 4(2), 5(2), 5(3) and 5(4) of Part B of Appendix 13 to the Hong Kong Listing Rules and (iii) Rules 8A.09, 8A.13 to 8A.19, 8A.21 to 8A.24, 8A.26 to 8A.35 and 8A.37 to 8A.41 of the Hong Kong Listing Rules (together, the "**Unmet Listing Rules Articles Requirements**"). The Company will seek shareholders' approval to incorporate the Unmet Listing Rules Articles Requirements into its Articles in an extraordinary general meeting to be convened in September 2021 (the "**2021 EGM**").

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

- (1) Where power is taken to issue share warrants to bearer, no new share warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond a reasonable doubt that the original has been destroyed (paragraph 2(2) of Appendix 3);
- (2) 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 (paragraph 12 of Appendix 3);
- (3) That where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:
  - (i) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
  - (ii) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention (paragraph 13(2) of Appendix 3);
- (4) That, where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted (paragraph 14 of Appendix 3);
- (5) A special resolution means a resolution passed by members holding three-fourths of the voting rights of those present and voting in person or by proxy at a meeting of members (paragraph 1 of Part B of Appendix 13);
- (6) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied only with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of that class by members holding shares representing three-fourths in nominal value of the shares

present in person or by proxy and voting at such meeting. To every such separate general meeting the provisions of the Company's articles relating to general meetings shall mutatis mutandis apply, but the quorum provisions relevant to any such meeting may be varied (paragraph 2(1) of Part B of Appendix 13);

- (7) 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. The notice convening a meeting shall contain particulars of the resolutions to be considered at that meeting (paragraph 3(1) of Part B of Appendix 13);
- (8) The branch register of members in Hong Kong shall be open for inspection by members but the Company may close the register in terms equivalent to section 632 of the Companies Ordinance (paragraph 3(2) of Part B of Appendix 13);
- (9) An annual general meeting shall be held in each year and the audited accounts shall be sent to members at the same time as the notice of annual general meeting (paragraph 3(3) of Part B of Appendix 13). Notwithstanding the foregoing, the Company will not hold an annual general meeting in 2021;
- (10) The Company shall keep proper books of account necessary to give a true and fair view of the Company's affairs (paragraph 4(1) of Part B of Appendix 13);
- (11) Accounts shall be audited and shall be laid before members at the annual general meeting which must be held in each year; not more than 15 months (or such longer period as the Hong Kong Stock Exchange may authorise) may elapse between the date of one annual general meeting and the next (paragraph 4(2) of Part B of Appendix 13);
- (12) Except as would be permitted by the Companies Ordinance if the Company were a company incorporated in Hong Kong, and except as permitted under the Companies Law, the Company shall not directly or indirectly:
  - (i) make a loan to a director of the Company or his close associates or a director of any holding company of the Company or a body corporate controlled by such a director or director of the Company;
  - (ii) enter into any guarantee or provide any security in connection with a loan made by any person to a director of the Company or such a director or a body corporate controlled by such a director or director of the Company; or
  - (iii) if any one or more of the directors of the Company hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company (paragraph 5(2) of Part B of Appendix 13);
- (13) The directors shall declare their material interests in any contracts with the Company at the earliest meeting of the board of directors of the Company at which it is practicable

for them to do so either specifically or by way of a general notice stating that, by reason of facts specified in the notice, they are to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company (paragraph 5(3) of Part B of Appendix 13);

- (14) Payment to any director or past director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the director is contractually entitled) must first be approved by the Company in general meeting (paragraph 5(4) of Part B of Appendix 13);
- (15) The Company shall not take any action (including the issue or repurchase of shares of any class) that would result in (a) the aggregate number of votes entitled to be cast by all holders of Class Z ordinary shares (for the avoidance of doubt, excluding those who are also holders of Class Y ordinary shares) present at a general meeting to be less than 10% of the votes entitled to be cast by all members at a general meeting; or (b) an increase in the proportion of Class Y ordinary shares to the total number of shares in issue (Rules 8A.09 and 8A.13 of the Hong Kong Listing Rules);
- (16) No further Class Y ordinary shares shall be issued by the Company, except with the prior approval of the Hong Kong Stock Exchange and pursuant to (a) an offer to subscribe for shares made to all the members pro rata (apart from fractional entitlements) to their existing holdings; (b) a pro rata issue of shares to all the members by way of scrip dividends; or (c) pursuant to a share subdivision or other similar capital reorganisation; provided that, each member shall be entitled to subscribe for (in a pro rata offer) or be issued (in an issue of shares by way of scrip dividends) shares in the same class as the shares then held by him, notwithstanding article 16 of the Company's existing Articles; and further provided that the proposed allotment or issuance will not result in an increase in the proportion of Class Y ordinary shares in issue, so that:
- (i) if, under a pro rata offer, any holder of Class Y ordinary shares does not take up any part of the Class Y ordinary shares or the rights thereto offered to him, such untaken shares (or rights) shall only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of Class Z ordinary shares; and
  - (ii) to the extent that rights to Class Z ordinary shares in a pro rata offer are not taken up in their entirety, the number of Class Y ordinary shares that shall be allotted, issued or granted in such pro rata offer shall be reduced proportionately. (Rule 8A.14 of the Hong Kong Listing Rules);
- (17) If the Company reduces the number of its shares in issue (e.g. through a purchase of its own shares) the WVR beneficiaries must reduce their weighted voting rights in the Company 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 Company's shares that carry weighted voting rights (Rule 8A.15 of the Hong Kong Listing Rules);

- (18) The Company must not change the terms of the Class Y ordinary shares to increase the number of votes to which each Class Y ordinary share is entitled (Rule 8A.16 of the Hong Kong Listing Rules);
- (19) Class Y ordinary shares shall only be held by a director or a limited partnership, trust, private company or other vehicle wholly owned or wholly controlled by a director (“**Director Holding Vehicle**”). Subject to the Hong Kong Listing Rules or other applicable laws or regulations, each Class Y ordinary share shall be automatically converted into one Class Z ordinary share upon the occurrence of any of the following events:
- (i) the death of the holder of such Class Y ordinary share (or, where the holder is a Director Holding Vehicle, the death of the director holding or controlling such Director Holding Vehicle);
  - (ii) the holder of such Class Y ordinary share ceasing to be a director or a Director Holding Vehicle for any reason;
  - (iii) the holder of such Class Y ordinary share (or, where the holder is a Director Holding Vehicle, the director holding or controlling such Director Holding Vehicle) being deemed by the Hong Kong Stock Exchange to be incapacitated for the purpose of performing his duties as a director;
  - (iv) the holder of such Class Y ordinary share (or, where the holder is a Director Holding Vehicle, the director holding or controlling such Director Holding Vehicle) being deemed by the Hong Kong Stock Exchange to no longer meet the requirements of a director set out in the Hong Kong Listing Rules; or
  - (v) the transfer to another person of the beneficial ownership of, or economic interest in, such Class Y ordinary share or the control over the voting rights attached to such Class Y ordinary share (through voting proxies or otherwise), other than (i) the grant of any encumbrance, lien or mortgage over such share which does not result in the transfer of the legal title or beneficial ownership of, or the voting rights attached to, such share, until the same is transferred upon the enforcement of such encumbrance, lien or mortgage; (ii) a transfer of the legal title to such share by a director to a Director Holding Vehicle held or controlled by him, or by a Director Holding Vehicle to the director holding or controlling it or another Director Holding Vehicle held or controlled by such director; and (iii) any transfer of legal title to such share by a holder of Class Y ordinary shares to a limited partnership, trust, private company or other vehicle which holds Class Y ordinary shares on behalf of such holder. (Rules 8A.17, 8A.18(1), 8A.18(2) and 8A.19 of the Hong Kong Listing Rules);
- (20) Any conversion of Class Y ordinary shares into Class Z ordinary shares pursuant to these Articles shall be effected by the re-designation of each Class Y ordinary share into one Class Z ordinary share (Rule 8A.21 of the Hong Kong Listing Rules);

- (21) All of the Class Y ordinary shares in the authorized share capital shall be automatically re-designated into Class Z ordinary shares in the event all of the Class Y ordinary shares in issue are converted into Class Z ordinary shares, and no further Class Y ordinary shares shall be issued by the Company (Rule 8A.22 of the Hong Kong Listing Rules);
- (22) The board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of members holding at the date of deposit of the requisition Shares which carry in aggregate not less than one-tenth (1/10) of all votes (on a one vote per Share basis) attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company, and such members may add resolutions to the meeting agenda (Rule 8A.23 of the Hong Kong Listing Rules);
- (23) Notwithstanding any provisions in the Company's Articles to the contrary, each Class Y ordinary share and each Class Z ordinary share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution on any of the following matters:
- (i) any amendment to the Company's Memorandum or Articles, including the variation of the rights attached to any class of shares;
  - (ii) the appointment or removal of any independent non-executive director;
  - (iii) the appointment or removal of the auditors; or
  - (iv) the voluntary winding-up of the Company (Rule 8A.24 of the Hong Kong Listing Rules).
- (24) The role of an independent non-executive director shall include, but is not limited to:
- (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;
  - (iii) serving on the audit, remuneration, nomination and other governance committees, if invited; and
  - (iv) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

The independent non-executive directors 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. They should also attend general meetings and develop a balanced understanding of the views of the members; and



The independent non-executive directors shall make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments (Rule 8A.26 of the Hong Kong Listing Rules).

- (25) The board shall establish a nominating and corporate governance committee, which shall perform the following duties:
- (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 Company's corporate strategy;
  - (ii) identify individuals suitably qualified to become directors 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 officer of the Company.

The nominating and corporate governance 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 Hong Kong Stock Exchange's website and the Company's website.

The Company should provide the nominating and corporate governance committee sufficient resources to perform its duties. Where necessary, the nominating and corporate governance committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

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 it 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 Hong Kong Listing Rules);

- (26) The nominating and corporate governance committee shall comprise entirely of independent non-executive directors, one of whom shall act as its chairman (Rules 8A.28 and 8A.31 of the Hong Kong Listing Rules);
- (27) The independent non-executive directors shall 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 Hong Kong Listing Rules);
- (28) The nominating and corporate governance committee shall also perform the following duties:
- (i) develop and review the Company'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 Company'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;
  - (v) review the Company's compliance with the code and disclosure in the Corporate Governance Report;
  - (vi) review and monitor whether the Company is operated and managed for the benefit of all of its members;
  - (vii) confirm, on an annual basis, that each holder of Class Y ordinary shares (or where a holder is a Director Holding Vehicle, the person holding or controlling such vehicle) has been a director throughout the year and that none of the events set out in Rule 8A.17 of the Hong Kong Listing Rules have occurred during the relevant financial year;
  - (viii) confirm, on an annual basis, that each holder of Class Y ordinary shares (or where a holder is a Director Holding Vehicle, the person holding or controlling such vehicle) has complied with rules 8A.14, 8A.15, 8A.18 and 8A.24 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 Company, a subsidiary of the Company and/or holders of Class Z ordinary shares (considered as a group) on the one hand, and any holder of Class Y ordinary shares on the other;

- (x) review and monitor all risks related to the Company's weighted voting rights structure, including connected transactions between the Company and/or a subsidiary of the Company 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;
  - (xii) seek to ensure effective and on-going communication between the Company and its members, particularly with regards to the requirements of Rule 8A.35 of the Hong Kong Listing Rules;
  - (xiii) report on the work of the nominating and corporate governance committee on at least a half yearly and annual basis covering all areas of its charter in respect of corporate governance matters; 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 Hong Kong Listing Rules);
- (29) The Corporate Governance Report produced by the Company pursuant to the Hong Kong Listing Rules shall include a summary of the work of the nominating and corporate governance committee, with regards to its charter on corporate governance matters, 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 Hong Kong Listing Rules);
- (30) The Company shall appoint a compliance adviser on a permanent basis (Rule 8A.33 of the Hong Kong Listing Rules);
- (31) The board shall consult with, and if necessary, seek advice from the compliance adviser, on a timely and ongoing basis, on any matters related to:
- (i) the weighted voting rights structure of the Company;
  - (ii) transactions in which the holders of Class Y ordinary shares have an interest; and
  - (iii) where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or holders of Class Z ordinary shares (considered as a group) on the one hand, and any holder of Class Y ordinary shares on the other (Rule 8A.34 of the Hong Kong Listing Rules);
- (32) The Company shall comply with the provisions of Appendix 14 of the Hong Kong Listing Rules regarding communication with shareholders or members of the Company (Rule 8A.35 of the Hong Kong Listing Rules);

- (33) The Company shall include the words “A company controlled through weighted voting rights” or such language as may be specified by the Hong Kong Stock Exchange from time to time on the front page of all its listing documents, periodic financial reports, circulars, notifications and announcements required by the Hong Kong Listing Rules, and describe its weighted voting rights structure, the rationale of such structure and the associated risks for the members prominently in its listing documents and periodic financial reports. This statement shall inform prospective investors of the potential risks of investing in the Company and that they should make the decision to invest only after due and careful consideration (Rule 8A.37 of the Hong Kong Listing Rules);
- (34) Every share certificate shall prominently include the words “A company controlled through weighted voting rights” or such language as may be specified by the Hong Kong Stock Exchange from time to time, and specify the number and class of shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as the board may from time to time prescribe (Rule 8A.38 of the Hong Kong Listing Rules);
- (35) The Company shall, in its listing documents and its interim and annual reports:
- (i) identify the holders of Class Y ordinary shares (and, where a holder is a Director Holding Vehicle, the director holding or controlling such vehicle) (Rule 8A.39 of the Hong Kong Listing Rules);
  - (ii) disclose the impact of a potential conversion of Class Y ordinary shares into Class Z ordinary shares on its share capital (Rule 8A.40 of the Hong Kong Listing Rules); and
  - (iii) disclose all circumstances in which the weighted voting rights attached to the Class Y ordinary shares shall cease (Rule 8A.41 of the Hong Kong Listing Rules).

In addition, to further enhance its shareholder protection measures, the Company will at the 2021 EGM propose to its shareholders the following amendments to its Articles: (a) lowering the quorum of general meeting (which is not a class meeting) from 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 in article 65 of the Company’s Articles to 10% of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company (the “**Quorum Requirement**”); and (b) where a general meeting is postponed by the directors, requiring such meeting to be postponed to a specific date, time and place (the “**GM Postponement Requirement**”, together with the Unmet Listing Rules Articles Requirements and the Quorum Requirement, the “**Unmet Articles Requirements**”).

As advised by the Company’s legal adviser as to Cayman Islands laws, the incorporation of the following Unmet Articles Requirements will require (a) approvals of both holders of Class Y ordinary shares and holders of Class Z ordinary shares in separate class meetings at the 2021 EGM in accordance with article 17 of the Company’s Articles because these requirements would vary the rights attached to Class Y and Class Z ordinary shares: (i) paragraph 2(1) of Part B of Appendix 13 to the Hong Kong Listing Rules; and (ii) Rules 8A.09, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18(1), 8A.18(2), 8A.19, 8A.21, 8A.22, 8A.23 and 8A.24 of the

Hong Kong Listing Rules—a resolution to incorporate these Unmet Articles Requirements (the “**Class-based Resolution**”) will need to be approved at the separate class meetings of holders of Class Y ordinary shares (the “**Class Y Meeting**”) and of Class Z ordinary shares (the “**Class Z Meeting**”). The quorum for the Class Y and Class Z Meetings will be one-third of the issued shares of the respective Class Y and Class Z ordinary shares on a one share one vote basis in accordance with article 17 of the Company’s Articles. The Class-based Resolution requires approval by holders of two-thirds of the issued Class Y ordinary shares and approval by holders of two-thirds of the issued Class Z ordinary shares pursuant to article 17 of the Company’s Articles.

If the Class-based Resolution is passed at both the Class Y and Class Z Meetings, 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 Resolution and another resolution to incorporate into the Company’s Articles the Unmet Articles Requirements not covered by the Class-based Resolution (the “**Non-class-based Resolution**”). The quorum for the Full Shareholders’ Meeting will be members controlling one-third of the voting powers in the Company present in person or by proxy pursuant to article 65 of the Company’s Articles. At the Full Shareholders’ Meeting, each of the Class-based Resolution and the Non-class-based Resolution will require approval by members holding two-thirds of the voting rights of those present and voting in person or by proxy in accordance with article 159 of the Company’s Articles.

If the Class-based Resolution is not approved at either the Class Y or Class Z Meeting, then the shareholders at the Full Shareholders’ Meeting will only be asked to vote on the Non-class-based Resolution.

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

- a. at the 2021 EGM, the Company will put forth: (i) the Class-based Resolution at the Class Y Meeting and the Class Z Meeting; and (ii) the Class-based Resolution (if adopted at the Class Y and Class Z Meetings) 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;
- b. each of the WVR beneficiaries will, prior to the Listing, irrevocably undertake to the Company to be present at the 2021 EGM (whether in person or by proxy) and any general meeting that may be convened upon Listing and before the 2021 EGM, and to vote in favor of the Proposed Resolutions;
- c. if any of the Proposed Resolutions are not passed at the 2021 EGM, until they are all approved by the shareholders, the Company undertakes to the Hong Kong Stock Exchange to continue to put forth the Proposed Resolutions that have not been passed at each subsequent annual general meeting, and each of the WVR beneficiaries will, prior to the Listing, irrevocably undertake to continue to be present and vote in favor of such Proposed Resolutions at such a meeting;

- d. 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;
- e. the Company will, prior to the Listing, irrevocably undertake to the Hong Kong Stock Exchange that it will comply with the Unmet Listing Rules Articles Requirements and the GM Postponement Requirement 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 3(3) of Part B of Appendix 13 to the extent that the Company is required to hold an annual general meeting in 2021, due to the reasons as set out in “— Laying Annual Financial Statements Before Members at an Annual General Meeting Within Six Months After the End of Financial Year” in this section below;
  - ii. paragraph 2(1) of Part B of Appendix 13 such that, prior to the Company’s Articles being amended, the threshold for passing a resolution in a separate class meeting will be approval by holders of two-thirds of the issued shares of that class as per article 17 of the Company’s Articles, based on the specific and prevailing circumstances of the Company; and
  - iii. Rules 8A.24(1) and (2) and paragraph 1 of Part B of Appendix 13 such that, prior to the Company’s articles being amended, the threshold for passing a special resolution for amendments to the Company’s Articles will be approval by members holding two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 159 of the Company’s Articles, based on the specific and prevailing circumstances of the Company. For the avoidance of doubt, the exception for Rules 8A.24(1) and (2) is only applicable to the passing of the Proposed Resolutions, the Company shall irrevocably undertake to comply with Rules 8A.24(1) and (2) for passing any special resolution (other than the Proposed Resolutions) under the Undertaking for Interim Compliance;
- f. each of the WVR beneficiaries will, prior to the Listing, irrevocably undertake to the Company that it will procure the Company to give effect to the Undertaking for Interim Compliance upon the Listing and before its existing Articles are formally amended; and
- g. the Company remains listed on the Nasdaq.

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

Assuming the Over-allotment Option is not exercised, the WVR beneficiaries will, immediately upon the Listing, beneficially own in aggregate 83,715,114 Class Y ordinary shares and 2,634,145 Class Z ordinary shares representing (a) 100% of the total voting rights of holders of the Class Y ordinary shares voting as a separate class, (b) approximately 0.90% of the total voting rights of holders of the Class Z ordinary shares voting as a separate class, and (c) approximately 74.27% of total voting rights in the Company.

Accordingly, although our WVR beneficiaries' undertakings to be present at the 2021 EGM (whether in person or by proxy) will be able to ensure a quorum at the Class Y Meeting and the Full Shareholders' Meeting, there is no assurance that a quorum will be formed at the Class Z Meeting. If no quorum is formed at the Class Z Meeting, it cannot be convened. Furthermore, despite our WVR beneficiaries' undertakings to vote in favor of the Proposed Resolutions to ensure that they will be adopted at the Class Y Meeting and the Full Shareholders' Meeting, there is no guarantee that the Class-based Resolution will be passed at the Class Z Meeting. As the Company has not, since its listing on the Nasdaq, held a general meeting, it is uncertain as to whether the Class-based Resolution will be approved with sufficient support from our shareholders at the Class Z Meeting.

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

### **Dealings in Shares Prior to Listing**

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

The Company had approximately 100 subsidiaries and operating entities as of January 31, 2021, and its ADSs are widely held, publicly traded and listed on the Nasdaq. 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, other than (a) Mr. Rui Chen (the Company's Controlling Shareholder, executive Director and Chief Executive Officer), (b) Vanship Limited (a company controlled by The Le Petit Prince Trust, a trust of which Mr. Rui Chen is the settlor, and Mr. Rui Chen and his family members are the beneficiaries), (c) Mr. Yi Xu (the Company's executive Director and President) and (d) Kami Sama Limited (a company controlled by The Homur Trust, a trust of which Mr. Yi Xu is the settlor, and Mr. Yi Xu and his family members are the beneficiaries), there are no shareholders who controlled more than 10% of the voting rights of the Company.

Mr. Rui Chen (the Company's Controlling Shareholder, executive Director and Chief Executive Officer) and Mr. Yi Xu (the Company's executive Director and President) may from time to time use their respective Shares as security (including charges and pledges) in connection with financing activities. As of December 31, 2020, Mr. Rui Chen, through

Vanship Limited and Windforce Limited, beneficially owned 49,928,751 Shares, of which 10,675,207 Class Y ordinary shares were pledged as security, and Mr. Yi Xu, through himself and Kami Sama Limited, beneficially owned 28,312,208 Shares, of which 14,000,000 Class Y ordinary shares were pledged as security. As of December 31, 2020, no persons under Category 2 (as defined below) had pledged their respective Shares as security in connection with financing transactions.

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. Rui Chen, the Company’s Controlling Shareholder, executive Director and Chief Executive Officer, and Mr. Yi Xu, the Company’s executive Director and President, in respect of their respective use of Shares as security in connection with financing activities, provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period (“**Category 1**”);
- (b) the Company’s directors and chief executives other than Mr. Rui Chen and Mr. Yi Xu, and the directors and chief executives of its Major Subsidiaries, in respect of their respective use of the Shares as security in connection with financing activities, provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period (“**Category 2**”);
- (c) directors, chief executives and substantial shareholders of the Company’s non-Major Subsidiaries and their close associates (“**Category 3**”); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become 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, or their close associates (“**Category 4**”).

For the avoidance of doubt:

- (a) as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Hong Kong Listing Rules; and
- (b) persons in Category 1 and Category 2 who use their respective Shares other than as described in this section headed “Dealings in the Shares prior to Listing” are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.



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

- (a) Where Categories 1 and 2 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares 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 Global Offering 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 its 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 its ADSs;
- (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;
- (d) the Company will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when it becomes aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (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 Major Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, RSUs, dividend equivalents, and share payments under the Group's share incentive plans.

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

### **Subscription for Shares by Existing Shareholders**

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

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

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

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

Rule 19.31 of the Hong Kong Listing Rules provides that the requirement under Rule 8.08 of the Hong Kong Listing Rules to maintain a minimum percentage of public shareholders does not apply to a secondary listing.

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

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

The Company confirms that any person (whether or not an existing shareholder of the Company) who may, as a result of dealings, become the Company's shareholder and who is not a director or chief executive of the Company or its subsidiaries, or any of their close associates (the "**Permitted Existing Shareholders**"), has no influence over the Global Offering and is not in possession of any non-public inside information and are effectively in the same position as any other public investors of the Company.

Solely based on public filings with the SEC available as of December 31, 2020, the Company had no shareholder who was not a director and who controlled 5% or more of the Company's voting rights.

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

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

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

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

## Printed Prospectus

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules, the Company is required to make available copies of this prospectus in printed form.

The waiver from the requirements to make available printed copies of this prospectus is in line with recent amendments to the Hong Kong Listing Rules relating to environmental, social and governance (“ESG”) matters. As the Hong Kong Stock Exchange noted on page 1 of its Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules dated December 2019, such amendments relating to ESG matters “*echo the increasing international focus on climate change and its impact on business.*” Electronic, *in lieu of* printed, prospectuses and application forms will help mitigate the environmental impact of printing, including the exploitation of precious natural resources such as trees and water, the handling and disposal of hazardous materials, air pollution, among others.

It is noted that in light of the severity of the ongoing COVID-19 pandemic, the provision of a printed prospectus and printed application forms will elevate the risk of contagion of the virus through printed materials. As of the Latest Practicable Date, the government of Hong Kong continued to have in place social distancing measures to restrict public gatherings. While the government of Hong Kong may relax such restrictions as the local COVID-19 situation improves, it is possible that stricter social distancing measures may be necessary later if the number of cases of infection in the territory dramatically increases. In any event, it is impossible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date. In this uncertain environment, an electronic application process with a paperless prospectus will reduce the need for prospective investors to gather in public, including branches of the receiving bank and other designated points of collection, in connection with the Hong Kong Public Offering.

The Company proposes to adopt a fully electronic application process for the Hong Kong Public Offering and will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. The Company’s share registrar appointed in connection with the Listing and the Hong Kong Public Offering will implement enhanced measures to support White Form eIPO Service, including increasing its server capacity and making available a telephone hotline to answer investors’ queries and a dedicated section of the White Form eIPO Service with specific guidance to investors in connection with the fully electronic application process. To apply for the Hong Kong Offer Shares, investors may apply online through the White Form eIPO Service at [www.eipo.com.hk](http://www.eipo.com.hk) or apply through CCASS EIPO service to electronically cause HKSCC Nominees to apply on their behalf. For details, please refer to the section headed “How to Apply for Hong Kong Offer Shares”.

The Company also expects to publish the formal notice with respect to its Hong Kong Public Offering on the official websites of the Hong Kong Stock Exchange and the Company and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription and the enhanced support provided by the Company’s appointed Hong Kong Share Registrar in relation to the

Hong Kong Public Offering and reminding investors that no printed prospectus or application form will be provided.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of providing copies of this prospectus in printed form.

### **Monthly Return**

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

Under the Joint Policy Statement, this common waiver is subject to the condition that the issuer can meet one of the following three conditions:

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

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

### **Laying Annual Financial Statements before members at an Annual General Meeting within six months after the end of financial year**

Rule 13.46(2)(b) of the Hong Kong Listing Rules requires an overseas issuer to lay its annual financial statements before its members at its annual general meeting within the period of six months after the end of the financial year or accounting reference period to which the annual financial statements relate.

Note 2 to Rule 13.46(2)(b) of the Hong Kong Listing Rules provides that if an issuer has significant interests outside of Hong Kong it may apply for an extension of the six-month period.

The Company is an issuer with significant interests outside of Hong Kong. By way of illustration:

- (a) the Company was incorporated in the Cayman Islands;
- (b) the Company is a secondary listed issuer in Hong Kong under Chapter 19C of the Listing Rules, with a primary listing on the Nasdaq;
- (c) the Company has applied for a ruling from the Securities and Futures Commission on the date hereof that the Company should not be considered a public company in Hong Kong within the meaning of Section 4.2 of the Introduction on the Codes on Takeovers and Mergers and Share Buy-backs; one of the reasons for the application is that the Company has significant interests outside of Hong Kong;
- (d) as of December 31, 2020, the Group had more than 8,000 employees based in the PRC and less than 10 employees based in Hong Kong;
- (e) for the year ended December 31, 2019, more than 95% of the Group's net revenues were generated outside Hong Kong, and as of December 31, 2020, more than 95% of the Group's total assets were based outside Hong Kong; and
- (f) for the year ended December 31, 2019, less than 5% of the Group's net revenues were generated from Hong Kong, and, as of December 31, 2020, less than 5% of the Group's total assets were based in Hong Kong.

The Company is expected to be listed in March 2021 and will include in the prospectus the audited financial information for the year ended December 31, 2020 and other financial disclosure. Upon its Listing, the Company will therefore have provided its shareholders with all of the information required under Rule 13.46(2)(b) of the Hong Kong Listing Rules to its shareholders. Accordingly, the Company's shareholders would not be unfairly prejudiced by it not convening an annual general meeting by June 30, 2021 for the purpose of laying its annual financial statements for the financial year ended December 31, 2020 before its members, as required by Rule 13.46(2)(b) of the Hong Kong Listing Rules.

Furthermore, the Company has not historically held an annual general meeting ("AGM") every year, and the procedures for convening an AGM for a company with a dual listing in the U.S. and Hong Kong are burdensome and require global coordination among various parties, including, but not limited to, the Company's ADS depository bank, Hong Kong share registrar, and Hong Kong Securities Clearing Company Limited. Since the Company's ADSs, rather than its Class Z ordinary shares, are traded on Nasdaq, the Company with the help of its depository bank must take a series of extra steps to convene an AGM with matters submitted to shareholders for approval, in addition to the usual procedures for giving notice to, and collecting voting results from, shareholders owning Class Z ordinary shares. To illustrate, firstly, the Company (as a public company primarily listed in the U.S. with a highly fragmented and diverse share-holder base) will have to, with the assistance of its ADS depository bank, conduct broker search to gather the contact details of securities holders, prepare and print the AGM notice and proxy forms, mail physical copies to securities

holders, arrange notification(s) to Nasdaq and an announcement on Nasdaq (in addition to the Company's own announcement). This is a time-consuming process especially for a company who has not done so in the past, and will need to be completed not less than 21 days before the date of the AGM in accordance with the Company's undertaking to the Hong Kong Stock Exchange (see "— Requirements Relating to the Articles of Association of the Company" in this section above). Secondly, sufficient time must be given to the ADS depository bank to collect voting instructions from the ADS holders so that the depository bank can cast votes on behalf of the ADS holders. Thirdly, the Company will need to coordinate with its ADS depository bank, Hong Kong share registrar and Hong Kong Securities Clearing Company Limited on the logistical matters involved in convening an AGM for U.S. and Hong Kong shareholders. Since the Company has not historically held an AGM after its listing on the Nasdaq, let alone convening an AGM for both U.S and Hong Kong shareholders, the process for preparing the Company's first AGM, taking into account potential logistical and technical challenges, could take three months or more after the Listing. As such, the Company may have difficulty and may not be able to complete these burdensome procedures as set out above and convene an AGM by June 30, 2021.

In addition, since the Company has undertaken to convene 2021 EGM in September 2021 (see "— Requirements Relating to the Articles of Association of the Company" in this section above), the Company's resources and management attention will be diverged for the preparation of such 2021 EGM.

Rule 5620(a) of the Nasdaq Stock Market Marketplace Rules (the "**Nasdaq Listing Rules**") requires that each company listing common stock or voting preferred stock, and their equivalents, shall hold an AGM no later than one year after the end of the company's fiscal year-end. However, pursuant to Rule 5615(a)(3) of the Nasdaq Listing Rules, a foreign private issuer such as the Company may follow its home country practice in lieu of the Rule 5600 Series corporate governance requirements, including the requirements to hold an AGM under Rule 5620(a). The term "home country" is defined under the U.S. securities laws to mean the jurisdiction in which the company is legally organized, incorporated or established.

The Company has, in its past practice, elected to follow home country practice pursuant to Rule 5615(a)(3) of the Nasdaq Listing Rules to avoid complying with the requirement under the Rule 5620(a) to hold an AGM every fiscal year, and has disclosed the same in the Company's annual report on Form 20-F pursuant to the U.S. securities laws.

Under article 61(a) of the Company's articles of association, the Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting.

The Company's Cayman Islands counsel confirmed that (a) the Companies Act (as revised) of the Cayman Islands does not require the Company to follow or comply with the requirement of Rule 5620(a) to hold an AGM every fiscal year; (b) the Company's not holding an AGM every fiscal year will not breach any law, public rule or regulation applicable to the Company currently in force in the Cayman Islands; (c) the Company's the memorandum and articles do not prohibit the Company from following its home country practice in lieu of the requirement of Rule 5620(a).

On the basis of the above, the Company's not holding an AGM before the end of the financial year ending December 31, 2020 does not contravene the relevant requirements under the Nasdaq Listing Rules, U.S. securities laws, laws of the Cayman Islands and the Company's articles of association.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 13.46(2)(b) of the Hong Kong Listing Rules in respect of the requirement to hold an AGM within six months after the financial year ended December 31, 2020 for the purpose of laying the Company's annual financial statements before its members, subject to the condition that the Company shall hold an AGM for the financial year ending December 31, 2021 by June 30, 2022 for the purpose of laying before its members at the 2022 AGM the financial statements for the financial year ending December 31, 2021 and for each subsequent financial year as required by Rule 13.46(2)(b) of the Hong Kong Listing Rules.

### **Particulars of any Commissions, Discounts and Brokerages and Alterations of Capital and Authorized Debentures**

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

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

The Company has identified 10 entities as its Major Subsidiaries. For further details, see the section headed "History and Corporate Structure — Major Subsidiaries and Operating Entities" in this prospectus. The Company had approximately 100 subsidiaries and operating entities as of January 31, 2021. The Company believes that it would be unduly burdensome for the Company to disclose this information in respect of its non-major subsidiaries as the Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors. The non-disclosure of such information will not prejudice the interests of investors. We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in this prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

The Major Subsidiaries include all significant operating subsidiaries under the financial threshold of Regulation S-X in the U.S. (i.e. contributing more than 10% of the Group's total assets and income) and subsidiaries that are material to the Group's business operations



(including those that hold major intellectual properties). None of the non-Major Subsidiaries is individually material to us in terms of its contribution to our Company's total net revenues, total net income or total assets or holds any major assets and intellectual property rights. By way of illustration, the aggregate revenue of the Major Subsidiaries accounted for more than 80% of the total revenues of the Group for the year ended December 31, 2019 and 2020, respectively, and the total assets of the Major Subsidiaries represented 56% and 53% of the total assets of the Group as at December 31, 2019 and 2020, respectively. As such, the Company has disclosed the particulars of the changes in its share capital and the Major Subsidiaries in the section headed "Statutory and General Information — Further Information About Us" in Appendix IV to this prospectus, and particulars of the commissions, discounts, brokerage fee and authorized debentures in respect of the Major Subsidiaries and the Company are set out in the section headed "Statutory and General Information — Other Information — Miscellaneous" of Appendix IV to this prospectus. The disclosure of the relevant information with respect to our Major Subsidiaries provides sufficient information that is reasonably necessary to enable potential investors to make an informed assessment of "the activities, assets and liabilities, financial position, management and prospects of the Company and of its profits and losses and of the rights attaching to such securities" (per Rule 11.07 of the Hong Kong Listing Rules); and having regard to the disclosure of the relevant information with respect to its Major Subsidiaries and the fact that such information do not pertain to the business of our Company, the non-inclusion of the information with respect to the non-Major Subsidiaries does not prejudice the interest of the investing public.

The Company has applied for, and the Hong Kong Stock Exchange and SFC have granted, (i) a waiver from the requirements under paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules, and (ii) an exemption from the requirements under paragraphs 11, 14 and 25 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this prospectus. The SFC has granted an exemption on the conditions that: (i) the particulars of such exemption are set out in this prospectus; and (ii) this prospectus will be issued on or before March 18, 2021.

### **Disclosure Requirements of Options**

Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules requires the Company to set out in this prospectus particulars of any capital of any member of the group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires the Company to set out in this prospectus, among other things, details of the number, description and amount of any of its shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it was given.

In relation to the Company, the only options over the capital or debentures are (a) those issued under the Company's global share incentive plan adopted in November 2014 (the "**Global Share Plan**") and the Company's 2018 share incentive plan adopted in February 2018 (the "**2018 Plan**", and together with the Global Share Plan, the "**Share Incentive Plans**"), which are not subject to Chapter 17 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules; and (b) the convertible senior notes described in the section below " — Particulars of Debenture Holders".

Details of the Share Incentive Plans are disclosed in the section headed "Directors and Senior Management — Compensation — Share Incentive Plans" in this prospectus. The disclosure is substantially the same as those in the Company's 20-F filings and comply with applicable U.S. laws and regulations. The current disclosure in this prospectus is therefore not in strict compliance with the requirements under Paragraph 27 of Part A of Appendix 1. The Company believes that strict compliance with such requirements would be unduly burdensome, unnecessary and/or inappropriate for the Company, and would not be material or meaningful to Hong Kong investors. The non-disclosure of such information will not prejudice the interests of investors. We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in this prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraph 27 of Part A of Appendix 1 to the extent not strictly met by the current disclosure in this prospectus. The Company has applied for, and the SFC has granted, an exemption from the requirements under Paragraph 10 of the Third Schedule of the Companies (WUMP) Ordinance. The SFC has granted an exemption on the conditions that: (i) the Company disclosed in this prospectus the number of shares issuable upon exercise of the outstanding options under the Share Incentive Plans and the maximum percentage of options held by the Company directors and executive officers and their affiliates to the Company's total outstanding Class Z ordinary shares; (ii) the particulars of the exemption are set out in this prospectus; and (iii) this prospectus will be issued on or before March 18, 2021.

### **Particulars of Debenture Holders**

In April 2019, we issued convertible senior notes in an aggregate principal amount of US\$500 million due 2026 with an interest rate of 1.375% per annum (the "**2026 Notes**"). The 2026 Notes may be converted, at an initial conversion rate of 40.4040 ADSs per US\$1,000 principal amount (which represents an initial conversion price of US\$24.75 per ADS) at each holder's option at any time prior to the close of business on the second business day immediately preceding the maturity date of April 1, 2026.

In June 2020, we issued convertible senior notes in aggregate principal amount of US\$800 million due 2027 with an interest rate of 1.25% per annum (the "**2027 Notes**", together with the 2026 Notes, the "**Convertible Notes**"). The 2027 Notes may be converted, at

an initial conversion rate of 24.5516 ADSs per US\$1,000 principal amount (which represents an initial conversion price of US\$40.73 per ADS) at each holder's option at any time prior to the close of business on the second business day immediately preceding the maturity date of June 15, 2027.

The convertible notes were placed to institutional investors in private placements and were broadly marketed to professional investors. As the convertible notes are transferable and can be traded via brokers without a centralized registrar that keeps track of the current holders of the Convertible Notes on an ongoing basis, the Company is not in a position to confirm who hold these debt instruments at any point in time — it would be unduly burdensome for the Company to ascertain information relating to the names and addresses of the holders of the convertible notes.

The Company has applied for, and the SFC has granted, an exemption from strict compliance with paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance to the extent not strictly met by the current disclosure in this prospectus on the following grounds:

- i. since the identities of the ultimate noteholders are practically unavailable and given the expected frequent changes of the identities of the ultimate noteholders, it would be practically impossible for the Company to disclose the names and addresses of such ultimate noteholders (which are independent third parties). The disclosure, even if it can be made, would also not provide meaningful information to the potential investors of our Company;
- ii. strict compliance with the applicable disclosure requirements under Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance for each ultimate noteholder on an individual basis (including the disclosure of names and addresses of all noteholders) in this prospectus will be unduly burdensome on the Company in light of the difficulty in identifying the ultimate noteholders and the potentially significant increase in cost and time for ascertaining the information;
- iii. material information relating to the Convertible Notes has been disclosed in the section headed "Financial Information — Liquidity and Capital Resources" and Note 13 (Long-term Debt) to Appendix I of this prospectus, including but not limited to the principal amount, conversion rate, and the maximum number of ADS that can be converted from the Convertible Notes and the potential dilution effect upon full conversion of each of the 2026 Notes and 2027 Notes, the maturity date, the annual coupon rate, the conversion mechanism and the noteholders' rights to require our Company to repurchase the Convertible Notes. Accordingly, information that should be reasonably necessary for potential investors to make an informed assessment of the Company in their investment decision process has been included in this prospectus; and

- iv. non-compliance with the abovementioned disclosure requirements under Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company and the non-disclosure of such information will not prejudice the interests of investors.

We confirm that all information necessary for the public to make an informed assessment of business, asset and liability, financial position, trading position, management and prospect of the Group has been disclosed in this prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Listing Rules will not prejudice the interest of the investing public.

The SFC has granted an exemption referred to above on the following conditions:

- a. in respect of the Convertible Notes issued by our Company, the following details are fully disclosed in this prospectus:
- the total principal amounts of the Convertible Notes;
  - the maximum number of Class Z ordinary shares to be converted from the Convertible Notes;
  - the conversion rates of the Convertible Notes; and
  - the conversion periods of the Convertible Notes;
- b. the potential dilution effect upon full conversion of the Convertible Notes is set out in this prospectus;
- c. the particulars of such exemption are set out in this prospectus; and
- d. this prospectus will be issued on or before March 18, 2021.

#### **Disclosure of Information on Subsidiaries Whose Profits or Assets Make Material Contributions to the Company**

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

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

The Company has applied for, and the Hong Kong Stock Exchange and SFC have granted, (i) a waiver from strict compliance with the requirements under paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules, and (ii) an exemption from the requirements under Paragraph 29 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this prospectus. The SFC has granted an exemption on the conditions that: (i) the particulars of such exemption are set out in this prospectus; and (ii) this prospectus will be issued on or before March 18, 2021.

### **Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments were Highest**

Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information in respect of directors’ emoluments during the three financial years ended December 31, 2017, 2018 and 2019. Paragraph 46(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include the aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer in respect of the last completed financial year, and Paragraph 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires information in relation to an estimate of the aggregate remuneration and benefits in kind payable to directors in respect of the current financial year to be set out in the listing document.

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

The aggregate fees, salaries and benefits paid and accrued to its directors and executive officers as a group are disclosed in the section headed “Directors and Senior Management — Compensation” in this prospectus. The Company confirms that the current disclosure complies

with U.S. annual reporting requirements and is in line with the Company's disclosure in its annual reports on Form 20-F.

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

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

### **Three-Year Restriction on Spin-Offs**

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

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

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

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

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

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

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

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

- (a) the Company will not within three years after the Listing spin off any of its business subsidiaries on the Hong Kong Stock Exchange until it confirms with the Hong Kong Stock Exchange with basis that the potential spin-off would not render the Company, excluding the subsidiary to be spun off, failing to meet the eligibility or suitability requirements under Rule 19C.05 of the Hong Kong Listing Rules based on the financial information of the subsidiary to be spun off at the time of the Listing, and where more than one subsidiary is to be spun off, the assessment will be made on a cumulative basis;
- (b) the Company will disclose in this prospectus its intention relating to any potential spin-off on the Hong Kong Stock Exchange within three years after the Listing and the risks relating to the uncertainty and timing of any potential spin-offs (see "Risk Factors — Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition");

- (c) any potential spin-offs on the Hong Kong Stock Exchange by the Company will be subject to the requirements of PN15 (other than paragraph 3(b) thereof), including that each of the Company and the business subsidiary to be spun off will satisfy the applicable listing eligibility requirements on a standalone basis; and
- (d) disclosure of this waiver in this prospectus.

### **Timing Requirement of Liquidity Disclosure**

Paragraph 32 of Part A of Appendix 1 to the Listing Rules requires a listing document to include a statement (or an appropriate negative statement) of a new applicant's indebtedness as at a specified most recent practicable date (the "**Most Recent Practicable Date**"), and a commentary on its liquidity, financial resources and capital structure (together, the "**Liquidity Disclosure**").

In accordance with Hong Kong Stock Exchange's Guidance Letter HKEX-GL37-12 ("**GL37-12**"), the Hong Kong Stock Exchange normally expects that the Most Recent Practicable Date for the Liquidity Disclosure, including, among other things, commentary on liquidity and financial resources such as net current assets (liabilities) position and management discussion on this position, in a listing document to be dated no more than two calendar months before: (a) the date of the application proof of the listing document and (b) the final date of the listing document.

As this prospectus is expected to be published in March 2021, the Company would otherwise be required to make the relevant indebtedness and liquidity disclosures no earlier than January 2021 pursuant to GL37-12. Given that the Company expects to include in this prospectus an accountant's report incorporating the audited consolidated financial information of the Group for the three years ended December 31, 2020, it would be unduly burdensome for the Company to re-arrange information for similar liquidity disclosures on a consolidated basis shortly after the end of the Company's current financial year. For a detailed commentary on the Group's liquidity position, please refer to the section headed "Financial Information — Liquidity and Capital Resources" and "— Working Capital".

Strict compliance with the Liquidity Disclosure requirements would constitute an additional one-off disclosure by the Company of its liquidity position on a date that would fall within the first quarter of its financial year, which would otherwise not be required to be disclosed to investors in the U.S. under applicable U.S. regulations and Nasdaq rules, because the Company is required to announce quarterly results at the end and not in the middle of each quarter of its financial year. Such a one-off disclosure would likely confuse the Company's existing investors and deviate from its customary practice and that of other U.S. listed companies.

In any event, if there are any material changes to such disclosures, the Company would be required to make an announcement pursuant to U.S. regulations and Nasdaq rules and disclose relevant material facts in this prospectus pursuant to the Hong Kong Listing Rules.



In the event that there is no material change to such disclosures, any similar disclosures made pursuant to GL37-12 would not give additional meaningful information to investors.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the timing requirement for the Liquidity Disclosure in this prospectus under GL37-12, such that the reported date of indebtedness and liquidity information in this prospectus will not exceed the requirement under GL37-12 by one calendar month (i.e. the time gap between the reported date of the Company's indebtedness and liquidity information and the date of this prospectus would be no more than three calendar months).

### **Disclosure of Offer Price**

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

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

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

shares subscribed for shall be specified in the Prospectus. On this basis, disclosure of a maximum Public Offer Price complies with the requirements prescribed under paragraph 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which provides clear indication of the maximum subscription consideration which a potential investor shall pay for Hong Kong Offer Shares.

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

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

### **Clawback Mechanism**

Requirements under the Hong Kong Listing Rules Paragraph 4.2 of PN18 of the Hong Kong Listing Rules (“**Paragraph 4.2**”) requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of the Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, provided the initial allocation of Shares under the Hong Kong Public Offering shall not be less than 3% of the Global Offering, in the event of over-subscription, the Joint Representatives shall apply clawback mechanism as set out below following the closing of the application lists with reference to the final offering size of the Global Offering (assuming the Overallotment Option is not exercised) based on the offer price determined on the Price Determination Date.

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

- (a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 15 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 1,500,000 Offer Shares, representing 6.0% of the Offer Shares initially available under the Global Offering;

- (b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 20 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 2,250,000 Offer Shares, representing 9.0% of the Offer Shares initially available under the Global Offering; and
- (c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 20 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 3,000,000 Offer Shares, representing 12.0% of the Offer Shares initially available under the Global Offering.

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

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Public Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate. See “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation.”

### **Not a Public Company in Hong Kong Under the Takeovers Code**

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

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

## **Disclosure of Interests under Part XV of the SFO**

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

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

## **Disclosure of Interests Information**

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

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

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

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