

SECTION A

WAIVERS

In preparation for the Listing, we have sought the following waivers from strict compliance with the Hong Kong Listing Rules. Unless the context requires otherwise, capitalised terms used herein shall have the meanings given to them in the listing document of the Company (the “**Listing Document**”) dated December 16, 2022 and references to sections of the Listing Document shall be construed accordingly.

No.	Rules	Subject matter
1.	Rule 8.12 of the Listing Rules	Management Presence in Hong Kong
2.	Rules 3.28 and 8.17 of the Listing Rules	Joint Company Secretaries
3.	Rule 9.09(b) of the Listing Rules	Dealings in Shares prior to Listing
4.	Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules	Waiver in relation to the 2020 Share Incentive Plan
5.	Paragraph 26 of Part A of Appendix 1 to the Listing Rules	The Disclosure Requirements with respect to Changes in Share Capital
6.	Rules 4.04(2) and 4.04(4)(a) of the Listing Rules	Waiver in respect of Acquisitions after the Track Record Period
7.	Rules 4.10, 4.11, 19.13 and 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules	Use of U.S. GAAP
8.	Chapter 14A of the Listing Rules	Connected Transactions
9.	Rule 10.08 of the Listing Rules	No Share Issuance within Six Months from the Listing Date

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MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not and will not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, in the mainland China. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. Yu Zhang, our executive Director and Chief Financial Officer, and Ms. Mei Ying Ko (“**Ms. Ko**”), our joint company secretary;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact details, including mobile phone numbers, office phone numbers, residential phone numbers, e-mail addresses and facsimile numbers to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Guotai Junan Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide us with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties. The Compliance Adviser will also provide advice to us when consulted by us in compliance with Rule 3A.23 of the Listing Rules; and
- (e) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

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

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

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

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

Our Company appointed Ms. Wenbei Wang (“**Ms. Wang**”), our Head of Capital Markets and Investor Relations, and Ms. Ko of Tricor Services Limited, as joint company secretaries. See the section headed “Directors and Senior Management – Joint Company Secretaries” for their biographies.

Ms. Ko is a member of both The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company’s principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Wang, who is an employee of our Company and who has day-to-day knowledge of our Company’s affairs. Ms. Wang has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three year period from the Listing Date, in accordance with HKEX-GL108-20, on the conditions that: (i) Ms. Ko is appointed as a joint company secretary to assist Ms. Wang in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Ko, during the three-year period, ceases to provide assistance to Ms. Wang as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Wang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Wang and the need for on-going assistance of Ms. Ko will be further evaluated by our Company. We must demonstrate to the Stock Exchange and seek its confirmation that Ms. Wang, having benefited from the assistance of Ms. Ko for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

DEALINGS IN SHARES PRIOR TO LISTING

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

Our Company had approximately 6 subsidiaries, 5 Consolidated Affiliated Entities and 51 branches as of June 30, 2022, and its ADSs are widely held, publicly traded and listed on Nasdaq. Our Company considers that it is therefore not in a position to control the investment decisions of the investing public in the United States.

Solely based on public filings with the SEC as of the Latest Practicable Date, other than Mr. Zhao, an executive director, the Chief Executive Officer and a Controlling Shareholder of our Company, and the intermediary companies through which Mr. Zhao has an interest in the Company, there were no Shareholders who controlled more than 10% of the voting rights of our Company.

For a company whose securities are listed and traded in the United States, our Company notes that it is a common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act of 1934, as amended, (the “**Rule 10b5-1 Plan(s)**”) to buy or sell the company’s securities. A Rule 10b5-1 Plan must be in writing and meet certain conditions set forth in Rule 10b5-1 in order to be valid, and such conditions include, among other things, that the plan must (a) be entered into at a time when the person trading the securities is not aware of any material non-public information; (b) specify the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; and (c) not allow the person trading the securities to exercise any subsequent influence over how, when, or whether to effect purchases or sales. Persons who trade securities pursuant to a validly established Rule 10b5-1 Plan have an affirmative defense against insider trading allegations under U.S. securities law. As of the Latest Practicable Date, the Directors and chief executives of the Group had not entered into any Rule 10b5-1 Plan.

On the basis of the above, our 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 Listing Rules:

- (a) Mr. Zhao, in respect of (i) use of his Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) dealings by him and close associates pursuant to any Rule 10b5-1 Plans that have been set up prior to the Relevant Period (“**Category 1**”);
- (b) our Directors other than Mr. Zhao, and the directors and chief executives of our Company’s significant subsidiaries and Consolidated Affiliated Entities (that is, subsidiaries and Consolidated Affiliated Entities that are not “insignificant subsidiaries” as defined under the Listing Rules, “**Significant Subsidiaries**”), in respect of (i) their respective use of the Shares as security (including, for the avoidance of doubt, using their respective shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) their respective dealings pursuant to Rule 10b5-1 Plans that have been set up prior to the Relevant Period (“**Category 2**”);
- (c) directors, chief executives and substantial shareholders of our Company’s insignificant subsidiaries (as defined under the Listing Rules) and their close associates (“**Category 3**”); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our Company’s substantial shareholder and who is not its director or chief executive, or a director or chief executive of our Company’s subsidiaries, and Consolidated Affiliated Entities or their close associates (“**Category 4**”).

For the avoidance of doubt:

- (a) as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Listing Rules; and
- (b) persons in Category 1 and Category 2 who (i) use their respective Shares other than as described in this section headed “Dealings in Shares Prior to Listing” and/or (ii) who are not dealing in our Company’s securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restrictions under Rule 9.09(b) of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules 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 during the Relevant Period;
- (b) Categories 1 and 2 of the Permitted Persons who entered into Rule 10b5-1 Plans have no discretion over dealings in our Company's ADSs after the plans have been entered into;
- (c) Categories 3 and 4 of the Permitted Persons do not have any influence over the Introduction and do not possess any non-public inside information of our Company given that such persons are not in a position with access to information that is considered material to our Company taken as a whole. Given the large number of our Company's subsidiaries and Consolidated Affiliated Entities and its vast ADS holder base, our Company and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in the ADSs;
- (d) our 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 United States 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 our Company is aware and will not have any influence over the Introduction;
- (e) our Company will notify the Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when we become aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (f) prior to the Listing Date, other than within the permitted scopes set out above, our Directors and chief executive and the directors and chief executives of our Significant Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under our Group's share incentive plan.

We believe that the circumstances relating to this waiver align with those set out in the Stock Exchange's Guidance Letter HKEX-GL42-12 and the Note to Rule 9.09 of the Listing Rules and the grant of this waiver will not prejudice the interests of potential investors.

WAIVER IN RELATION TO THE 2020 SHARE INCENTIVE PLAN

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

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in the Listing Document. Our Company is also required to disclose in the Listing Document full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options;
- (b) Paragraph 27 of Appendix 1A to the Listing Rules requires our Company to set out in the Listing Document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees. It is noted that that under paragraph 27 of Appendix 1A to the Listing Rules, where options have been granted to employees under a share scheme, it is not necessary to disclose the names and addresses of the grantees of the options.

As of the Latest Practicable Date, our Company had granted outstanding options under the 2020 Share Incentive Plan to 815 grantees (including Directors and senior management of our Company and other employees of our Group) to subscribe for an aggregate of 70,662,300 Class A Ordinary Shares. As of the Latest Practicable Date, among the outstanding options, 12,614,924 Shares were held by five Directors and 58,047,376 Class A Ordinary Shares were held by 810 employees of our Group (who are not Directors, members of senior management or connected persons of our Company). The Class A Ordinary Shares underlying the granted options represent approximately 8.2% of the total number of issued and outstanding Shares immediately after completion of the Listing. No further options will be granted pursuant to the 2020 Share Incentive Plan between the Latest Practicable Date and the Listing. For further details of our 2020 Share Incentive Plan, see the section headed “Statutory and General Information – D. Share Incentive Plans – 1. 2020 Share Incentive Plan” in Appendix IV to the Listing Document.

We have applied to the Stock Exchange for a waiver from strict compliance with the (1) requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (2) the condition to make available a full list of grantees with all the particulars required under the aforementioned Listing Rules in relation to the options granted under the 2020 Share Incentive Plan strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, among others:

- (a) as of the Latest Practicable Date, we had granted outstanding options to a total of 815 grantees under the 2020 Share Incentive Plan to acquire an aggregate of 70,662,300 Class A Ordinary Shares, representing approximately 8.2% of the total number of Shares in issue immediately after completion of the Listing. The grantees under the 2020 Share Incentive Plan include five Directors and 810 employees of our Group (who are not Directors, members of senior management or connected persons of our Company);

- (b) our Directors consider that it would be unduly burdensome to disclose in the Listing Document full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and listing document preparation for strict compliance with such disclosure requirements. For example, we would need to collect and verify the addresses of over eight hundred grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;
- (c) material information on the options has been disclosed in the Listing Document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
 - (i) a summary of the latest terms of the 2020 Share Incentive Plan;
 - (ii) the aggregate number of Class A Ordinary Shares subject to the options and the percentage of our Shares of which such number represents;
 - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Listing;
 - (iv) full details of the options granted to Directors and members of the senior management and connected persons (if any) of our Company, on an individual basis, are disclosed in the Listing Document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules;
 - (v) with respect to the options granted to other grantees (other than those referred to in (iv) above), disclosure are made on an aggregate basis, categorized into lots based on the number of Class A Ordinary Shares underlying each individual grantee, being (1) 1 to 50,000; (2) 50,001 to 100,000; (3) 100,001 to 500,000; and (4) 500,001 to 2,800,000 for each lots of Class A Ordinary Shares, and the following details are disclosed in the Listing Document, including (1) the aggregate number of such grantees and the number of Class A Ordinary Shares subject to the options; (2) the consideration paid for the grant of the options; and (3) the exercise period and the exercise price for the options;
 - (vi) the particulars of the waiver granted by the Stock Exchange;

the above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEx-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange.

- (d) the 810 grantees who are not Directors, members of the senior management or connected persons of our Company, have been granted options under the 2020 Share Incentive Plan to acquire an aggregate of 58,047,376 Class A Ordinary Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company; and

- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group. Strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of over eight hundred grantees without reflecting the materiality of the information does not provide any additional meaningful information to the investing public.

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

The Stock Exchange has granted to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules with respect to the options granted under the 2020 Share Incentive Plan on the condition that:

- (a) full details of the options granted under the 2020 Share Incentive Plan to each of the Directors and the senior management and connected persons (if any) of our Company, on an individual basis, are disclosed in the section headed “Statutory and General Information – D. Share Incentive Plans – 1. 2020 Share Incentive Plan” in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules;
- (b) in respect of the options granted under the 2020 Share Incentive Plan to other grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis, categorized into lots based on the number of Class A Ordinary Shares underlying each individual grantee, being (1) 1 to 50,000; (2) 50,001 to 100,000; (3) 100,001 to 500,000; and (4) 500,001 to 2,800,000 for each lots of Class A Ordinary Shares, and the following details will be disclosed in the Listing Document, including (1) the aggregate number of the grantees other than those set out in (a) above and the number of Class A Ordinary Shares subject to the options granted to them under the 2020 Share Incentive Plan; (2) the consideration paid for the grant of the options under the 2020 Share Incentive Plan; and (3) the exercise period and the exercise price for the options granted under the 2020 Share Incentive Plan;
- (c) the aggregate number of Class A Ordinary Shares underlying the outstanding options granted under the 2020 Share Incentive Plan and the percentage of our Company’s total issued share capital represented by such number of Class A Ordinary Shares as of the Latest Practicable Date are disclosed in the Listing Document;
- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the 2020 Share Incentive Plan are disclosed in the section headed “Statutory and General Information – D. Share Incentive Plans – 1. 2020 Share Incentive Plan” in Appendix IV;
- (e) a summary of the major terms of the 2020 Share Incentive Plan are disclosed in the section headed “Statutory and General Information – D. Share Incentive Plans – 1. 2020 Share Incentive Plan” in Appendix IV; and
- (f) the particulars of this waiver are disclosed in the Listing Document.

Further details of the 2020 Share Incentive Plan are set forth in the section headed “Statutory and General Information – D. Share Incentive Plans – 1. 2020 Share Incentive Plan” in Appendix IV.

THE DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGES IN SHARE CAPITAL

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

We have identified three entities that we consider are the major subsidiaries primarily responsible for the track record results of our Group (the “**Principal Entities**,” and each a “**Principal Entity**”). For further details, see the section headed “History, Development and Corporate Structure – Our Major Subsidiaries and Operating Entities”. Globally, our Group has approximately 69 subsidiaries, Consolidated Affiliated Entities and branches as of the Latest Practicable Date. None of the non-Principal Entities is individually material to us in terms of its contribution to our Company’s total net revenues or total assets or holds any major assets and intellectual property rights. By way of illustration, for each of the fiscal years ended December 31, 2019, 2020 and 2021 and for the six months ended June 30, 2022, after intercompany eliminations, the Principal Entities contributed 100%, 100%, 100% and 99.99% of our Group’s total revenues, respectively. Accordingly, the remaining subsidiaries in our Group are not significant to the overall operations and financial results of our Group.

Particulars of the changes in the share capital of our Company and the Principal Entities have been disclosed in the section headed “Statutory and General Information – A. Further Information about Our Group – 2. Changes in share capital of our Company” and “Statutory and General Information – A. Further Information about Our Group – 3. Changes in the share capital of our Subsidiaries and Consolidated Affiliated Entities” in Appendix IV to the Listing Document.

WAIVER IN RESPECT OF ACQUISITIONS AFTER THE TRACK RECORD PERIOD

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

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

Acquisition since June 30, 2022

Background

Since June 30, 2022 and up to the Latest Practicable Date, our Group has agreed to make an acquisition (the “**Acquisition**”), details of which are set out in below:

No.	Name of the target company ⁽¹⁾	Investment amount ⁽²⁾	Date of completion of investment	Percentage of shareholding/equity interest ⁽²⁾	Principal business activities
1.	Beijing Qihui Ruituo Consulting Co., Ltd (北京奇匯銳拓諮詢有限公司)	RMB10,000,000	October 11, 2022	100%	Provide executive search services for mid-level to senior management and professional technical personnels to employers in the internet industry. Services include candidates screening, interviews facilitation and employee on-boarding process assistance

Notes:

- (1) None of the core connected persons at the level of our Company is a controlling shareholder of the Acquisition target.
- (2) The approximate consideration disclosed in the table represents the Acquisition after June 30, 2022. The percentage of shareholding/equity interest represents our Company’s total pro forma shareholding in the Acquisition target after the completion of disclosed transaction.

We confirm that the investment amount for the Acquisition is entered into at 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 Acquisition will complement our Group’s businesses and support the growth of its business. Therefore, the Acquisition is expected to create synergies, strengthen and support our long-term business development. Accordingly, our Directors believe that the Acquisition, if consummated, will be fair and reasonable and in the interests of the Shareholders as a whole. To the best of the knowledge, information and belief of the Directors, the vendor(s) of the target company set out above and its ultimate beneficial owners are third parties independent from our Group and our connected persons. The consideration for the Acquisition, if consummated, will be satisfied by the Group’s own source of funds.

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

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

The percentage ratios of the Acquisition 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 Listing Rules for the Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

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

Historical financial information is not available and would be unduly burdensome to obtain or prepare

Our Company confirms that the target company in respect of the Acquisition does not have available historical financial information which is readily available for disclosure in the Listing Document in accordance with the Listing Rules. It would require considerable time and resources for our Company and our reporting accountant to fully familiarize ourselves with the management accounting policies of the target company and compile the necessary financial information and supporting documents for disclosure in the Listing Document. As such, we believe that it would be impractical and unduly burdensome for our Company to disclose the audited financial information of the target company as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Acquisition to be immaterial and that our Company does not expect the Acquisition to have any material effect on its business, financial condition or operations, we believe 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 the Listing Document. As we do not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the investors.

Alternative disclosure of the Acquisition in the Listing Document

We have provided alternative information about the Acquisition in the Listing Document. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, for example, descriptions of the target company's principal business activity, the investment amount, and a statement as to whether the core connected persons at the level of our Company is a controlling shareholder of target company. Since the relevant percentage ratio of the Acquisition is less than 5% by reference to the most recent fiscal year of our Track Record Period, we believe the current disclosure is adequate for potential investors to form an informed assessment of our Company.

USE OF U.S. GAAP

Rules 4.10 and 4.11 of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules require the Company to prepare its financial statements in the listing document and the subsequent financial reports issued after listing to be in conformity with: (a) Hong Kong Financial Reporting Standards (“**HKFRS**”); (b) IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China, subject to Note 2.6 to Paragraph 2 of Appendix 16 to the Listing Rules.

Note 2.6 to Paragraph 2 of Appendix 16 to the Listing Rules provides that the Stock Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 above.

Rule 19.13 states that accountants' reports are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS.

Rule 19.25A of the Listing Rules provides that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

In Guidance Letter HKEX-GL111-22 (“**GL111-22**”), the Stock Exchange has indicated that it has accepted that the financial statements and accountants' reports of overseas issuers with, or seeking, a dual-primary or secondary listing in the United States and on the Stock Exchange can be prepared in conformity with U.S. GAAP. GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants' reports and annual/interim/quarterly reports.

As a company listed on Nasdaq, the Company uses Generally Accepted Accounting Principles in the United States, or U.S. GAAP, and corresponding audit standards for the filing of its financial statements with the SEC as determined by the United States Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, particularly among technology companies, and significant progress has been made in the convergence between U.S. GAAP and IFRS. Adoption of U.S. GAAP for the preparation of financial statements of the Group will also allow potential investors and Shareholders of the Company to compare the results of the Group against other U.S. listed companies more easily using the same basis. Additionally, we note that it might lead to confusion among the Company's investors and shareholders if the Company was required to adopt different accounting standards for its disclosures in Hong Kong from those in the United States. Aligning the accountings standards used for disclosures in both markets will alleviate any such confusion.

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

- (a) the Company will include (i) a description of the relevant key differences between U.S. GAAP and IFRS; and (ii) a statement showing the financial effect of any material differences between the financial statements during the Track Record Period prepared using U.S. GAAP and IFRS ("**Reconciliation Statement**") in the accountant's report with a view to enabling investors to appraise the impact of the two accounting standards on the Company's financial statements; such Reconciliation Statement is included as a note to the audited accountant's report;
- (b) the Company will include a similar Reconciliation Statement mentioned in paragraph (a) above for its interim and annual reports issued after its Listing on the Stock Exchange; such Reconciliation Statements will be included as a note to the audited financial statements in the annual reports or reviewed financial statements in the interim reports. When the relevant financial statements are not audited or reviewed by auditors, the Reconciliation Statements required to be included as a note to such financial statements will be reviewed by its auditor in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000;
- (c) the Company will comply with Rules 4.08, 19.12, 19.14 of, and note 2.6 to paragraph 2 of Appendix 16 to the Listing Rules;
- (d) the Company will use Hong Kong Financial Reporting Standards or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed in the United States or has no obligation to make financial disclosure in the United States; and
- (e) this waiver request will not be applied generally and is based on the specific circumstances of the Company.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (where applicable) (i) the announcement, independent shareholders' approval and circular requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, see the section headed "Connected Transactions."

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

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

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

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

- (a) any further issue of new Class A Ordinary Shares will be (i) made under a general mandate or (ii) subject to the Shareholders' approval as required under Rule 13.36 of the Listing Rules with the total number of Class A Ordinary Shares that are issued or may be issued not exceeding 20% of the total number of Class A Ordinary Shares in issue as at the Listing Date. Upon the completion of any issuance(s) within six months after Listing, the aggregate voting power of the Controlling Shareholders would be no less than 62.0% (on the basis that Class A Ordinary Shares entitle the shareholder to one vote per share and Class B Ordinary Shares entitle the shareholder to ten votes per share);
- (b) the dilution of the Controlling Shareholders' interest resulting from any issue of new Class A Ordinary Shares will not result in the Controlling Shareholders ceasing to be Controlling Shareholders within 12 months after the Listing Date in compliance with Rule 10.07(1) of the Listing Rules; and
- (c) any issue of Class A Ordinary Shares by the Company within the first six months from the Listing Date must be either (a) for consideration to fund a specific acquisition of assets or business that will contribute to the growth of the Group's operation or for full or partial settlement of the consideration for such acquisition; or (b) pursuant to a general mandate approved by our Shareholders for the issue of further Class A Ordinary Shares as disclosed in the Listing Document.