

SECTION A

WAIVERS

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

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.	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
4.	Paragraph 26 of Part A of Appendix 1 to the Listing Rules	Disclosure of Change in the Share Capital
5.	Note (1) to Rules 17.03(9) of the Listing Rules	Exercise Price of Options to be Granted Pursuant to the 2021 Share Incentive Plan after the Listing
6.	Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to, the Listing Rules	Disclosure Requirements of the 2013 Share Option Scheme
7.	Chapter 14A of the Listing Rules	Continuing Connected Transactions
8.	Rule 9.09(b) of the Listing Rules	Dealings in Shares prior to Listing
9.	Rule 10.08 of the Listing Rules	No Share Issuance within Six Months from the Listing Date

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong.

Since our headquarters and most of the business operations of our Group are managed and conducted outside Hong Kong, and one of the two executive Directors of our Company ordinarily resides outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of the existing executive Director and/or appointment of additional executive Directors. Our Company does not have and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under 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 Mr. Zou Tao, our executive Director, and Ms. So Ka Man, our joint company secretary, as the authorized representatives of our Company, to be the principal channel of communication with the Stock Exchange. Each of them has confirmed that he/she can be readily contactable by phone and email to deal promptly with inquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters on short notice. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the authorized representatives will have means to contact all of the Directors promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- (b) in addition to the appointment of the authorized representatives, to facilitate communication with the Stock Exchange, the contact details of each Director, including his/her mobile phone number, office phone number and email address, have been provided to the Stock Exchange and each of the authorized representatives, our joint company secretaries and the Compliance Adviser (as defined below) who have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. Furthermore, 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 as and when required;
- (c) pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Guotai Junan Capital Limited (the “**Compliance Adviser**”) as our compliance adviser for the period commencing from the date of our Listing until the date on which our Company announces our financial results and distributes our annual report for the first full financial year after the date of our Listing. The Compliance Adviser will act as our Company’s additional and alternative channel of communication with the Stock Exchange. Our Company will ensure that there are adequate and efficient means of communication among us, our authorized representatives, Directors and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between the Stock Exchange and us. Our Company will also inform the Stock Exchange promptly should there be any change in the Compliance Adviser. Meetings with the Stock Exchange and the Directors can be arranged through our Company’s authorized representatives or the Compliance Adviser, or directly with the Directors with reasonable notice; and
- (d) in addition to the Compliance Adviser’s role and responsibilities after the Listing to provide advice to our Company on the continuing requirements under the Listing Rules and other applicable security laws and regulations in Hong Kong, our Company will retain a Hong Kong legal adviser to advise us on the compliance with the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing.

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 his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

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

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

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 has appointed Ms. Wang Yi (“**Ms. Wang**”) and Ms. So Ka Man (“**Ms. So**”) as our joint company secretaries. Ms. Wang has been responsible for legal matters of our Group and worked as our Board secretary since May 2021. She has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules. While Ms. Wang may not be able to solely fulfill the requirements of the Listing Rules, our Company believes that it would be in the best interests of our Company and the corporate governance of our Company to appoint Ms. Wang as our joint company secretary due to her thorough understanding of the internal administration and business operations of our Group.

Ms. So is a chartered secretary, a chartered governance professional and a fellow of both The Hong Kong Chartered Governance Institute (HKCGI) (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (CGI) (formerly “The Institute of Chartered Secretaries and Administrators”), 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.

Accordingly, while Ms. Wang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Wang may be appointed as a joint company secretary of our Company. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time (“**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. So, as a joint company secretary of our Company, will work closely with, and provide assistance to, Ms. Wang in the discharge of her duties as a joint company secretary and in gaining the relevant company secretary experience as required under Rule 3.28 of the Listing Rules to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. Given Ms. So’s professional qualifications and experience, she will be able to explain to both Ms. Wang and our Company the relevant requirements under the Listing Rules. She will also assist Ms. Wang in organizing board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. So is expected to work closely with Ms. Wang, and will maintain regular contact with Ms. Wang, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. So ceases to provide assistance to Ms. Wang as the joint company secretary for the three-year period after Listing and 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.

In the course of preparation of the listing application, Ms. Wang attended a training seminar on the respective obligations of the Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Company’s Hong Kong legal adviser, Davis Polk & Wardwell, and has been provided with the relevant training materials. 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, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, both Ms. Wang and Ms. So will seek and have access to advice from our Company’s Hong Kong legal and other professional advisers as and when required. Our Company has appointed Guotai Junan Capital Limited as the Compliance Adviser upon our Listing pursuant to Rule 3A.19 of the Listing Rules, which will act as our Company’s additional channel of communication with the Stock Exchange, and provide professional guidance and advice to our Company and its joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations. Prior to the end of the three-year period, the qualifications and experience of Ms. Wang and the need for ongoing assistance of Ms. So will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Wang, having benefited from the assistance of Ms. So for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the “relevant experience” within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

Please refer to “Directors and Senior Management” for further information regarding the qualifications of Ms. Wang and Ms. So.

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. Rule 19.12 requires an accountants’ report of an overseas issuer to have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants. 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 19.14 states that where the Stock Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the report will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases, the Stock Exchange will normally require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS. Rule 19.25A states that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

As a company listed on the Nasdaq, the Company uses Generally Accepted Accounting Principles in the U.S., or the 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. 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 U.S. aligning the accounting standards used for disclosures in both markets will alleviate any such confusion. Adoption of U.S. GAAP for the preparation of 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.

Our Company has applied to the 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 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 accountants' 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 accountants' 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. Where 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 should be reviewed by the Company's auditor in accordance with a standard comparable to the International Standard on Assurance Engagements 3000 or the Hong Kong Standard on Assurance Engagements 3000;
- (c) the Company will use HKFRS or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed in the U.S. or has no obligation to make financial disclosure in the U.S.; and
- (d) the Company will comply with Rules 4.08, 19.12 and 19.14 of, and note 2.6 to paragraph 2 of Appendix 16 to the Listing Rules.

WAIVER IN RELATION TO THE DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGE IN THE SHARE CAPITAL

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

The Company has identified 11 entities that the Company considers to be significant subsidiaries and Consolidated Affiliated Entities primarily responsible for the track record results of the Group (the “**Principal Entities**”, and each a “**Principal Entity**”). For further details, please see the section headed “History, Development and Corporate Structure – Our Major Subsidiaries and Operating Entities” in the listing document. As of June 30, 2022, the Company has over 60 subsidiaries and Consolidated Affiliated Entities. It would be unduly burdensome for the Company to disclose the information in respect of its non-Principal Entities as required under paragraph 26 of Part A of Appendix 1 to the Listing Rules, which would not be material or meaningful to investors. The Principal Entities include 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). By way of illustration, after intercompany eliminations, the aggregate revenue and total assets of the Principal Entities in respect of which the relevant information is disclosed represent approximately 99.3%, 98.1%, 89.3% and 76.1% of the Group’s total revenues for the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, and 92.5%, 95.2%, 63.6% and 61.3%, of the Group’s total assets as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively. The decrease in their contributions to the Group’s total revenues were primarily due to (i) the diversification of the Group’s business to meet the evolving customer needs which results in the establishment and utilization of more entities with relatively low contribution to revenue and total asset that fall outside of the definition of Principle Entities; and (ii) the strategic adjustment to downsize the Group’s CDN products primarily carried out by the Principal Entities. Additionally, the decrease in their contributions to the Group’s total assets were mainly attributable to the fact that the goodwill and intangible assets recognized from the acquisition of Camelot Group were not categorised as the assets of the Principal Entities. The Principal Entities and the Company hold all material assets, material intellectual property rights and other material proprietary technologies of the Group. The remaining entities in the Group are insignificant to the overall results of the Group and the revenue contribution of each of the non-Principal Entities is individually insignificant to the Group.

As such, particulars of the changes in the share capital of the Company and the Principal Entities are disclosed in the sections headed “History, Development and Corporate Structure”, “Statutory and General Information – A. Further Information about Our Company – 2. Changes in share capital of our Company” and “–3. Changes in the share capital of our major subsidiaries and operating entities” in Appendix IV.

EXERCISE PRICE OF OPTIONS TO BE GRANTED PURSUANT TO THE 2021 SHARE INCENTIVE PLAN AFTER THE LISTING

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

Since the listing of the Company's ADSs on the Nasdaq on May 8, 2020, it has been the Company's practice to issue options exercisable into ADSs (each of which represents 15 underlying Shares) under the 2013 Share Option Scheme. Although no further grant of share options will be made under the 2013 Share Option Scheme upon the Listing, the Company will continue to issue options exercisable into ADSs under the 2021 Share Incentive Plan after the Listing. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars. Pursuant to the waiver from strict compliance with Rules 4.10 and 4.11 of, and Note 2.1 to Paragraph 2 of Appendix 16, to the Listing Rules described under the subsection headed "— Use of U.S. GAAP" above, the Company will continue to prepare its accounts based on U.S. GAAP after the Listing in line with its established practice of granting options with exercise prices and RSUs with grant values denominated in U.S. dollars and tied to the market price of its Nasdaq-traded ADSs.

On the basis that (a) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement in Note (1) to Rule 17.03(9) of the Listing Rules, and (b) it has been the Company's practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, and the Company will continue to grant options under the 2021 Share Incentive Plan with exercise prices based on the market price of its ADSs which are denominated in U.S. dollars after the Listing, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules such that the Company will be able to determine the exercise price for grants under its share option schemes based on the higher of: (i) the per-share closing price of the Company's ADSs on the Nasdaq on the date of grant, which must be a Nasdaq trading day; and (ii) the average per-share closing price of the Company's ADSs on the Nasdaq for the five Nasdaq trading days immediately preceding the date of grant, subject to the condition that the Company shall not issue any share options with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Note (1) to Rule 17.03(9) of the Listing Rules.

WAIVER IN RELATION TO THE 2013 SHARE OPTION SCHEME

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, 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.

Paragraph 27 of Appendix 1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

As of the Latest Practicable Date, we have granted outstanding share options to 355 grantees under the 2013 Share Option Scheme on the terms set out in the paragraph headed “Statutory and General Information – D. Equity Incentive Plans”, including five members of senior management and 350 other employees of our Group, to acquire an aggregate of 39,607,694 Shares, representing approximately 1.04% of our Shares in issue immediately following completion of the Introduction (assuming no additional Shares are issued under the Equity Incentive Plans).

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

- (a) we have granted outstanding share options to a total of 355 grantees under the 2013 Share Option Scheme to acquire an aggregate of 39,607,694 Shares representing approximately 1.04% of our Shares in issue immediately following completion of the Introduction (assuming no additional Shares are issued under the Equity Incentive Plans), including five members of senior management and 350 other employees of our Group;
- (b) our Directors consider that it would be unduly burdensome to disclose in the listing document full details of all the share options granted by us to each of the grantees, which would require a substantial number of pages of additional disclosure that does not provide any material information to the investing public and would significantly increase the cost and time required for information compilation and listing document preparation for strict compliance with such disclosure requirements;
- (c) material information on the share 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 share options in making their investment decision, and such information includes:
 - (i) a summary of the latest terms of the 2013 Share Option Scheme;
 - (ii) the aggregate number of Shares subject to the share 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 or vesting of the share options immediately following completion of the Introduction (assuming no additional Shares are issued under the Equity Incentive Plans);
 - (iv) full details of the outstanding share options granted to our Directors and members of senior management and connected persons (if any), 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;

(v) with respect to the share options granted by our Company under the 2013 Share Option Scheme to employees who are not Directors, senior management and connected persons of the Company, other than those referred to in subparagraph (iv) above, the following details are disclosed in the listing document, including the aggregate number of such grantees and the number of Shares subject to the share options, the consideration paid for and the date of the grant of the share options and the exercise period and exercise price for the share options; and

(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 HKExGL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange;

(d) the 305 other employees of our Group, who are not Directors, members of senior management and connected persons of the Company, have been granted share options under the 2013 Share Option Scheme to acquire an aggregate of 33,752,212 Shares, respectively, which are not material in the circumstances of our Company, and the exercise or vesting in full of such share options will not cause any material adverse change in the financial position of our Company;

(e) our Directors consider that noncompliance 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 and will not prejudice the interests of the investing public; and

(f) a full list of all the grantees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules will be made available for public inspection in accordance with the paragraph headed “Documents Available on Display – Document Available for Inspection” in Appendix V.

The Stock Exchange has granted us a waiver from strict compliance with the relevant requirements under the Listing Rules subject to the conditions that disclosure in respect of the information referred to in subparagraph (c) above has been made in the listing document and the list of all the grantees referred to in subparagraph (f) above will be made available for public inspection.

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 Introduction. Our Directors (including the independent non-executive Directors) are of the view that such continuing connected transactions are in the interest of the Company and the Shareholders as a whole. 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 and independent shareholders' approval 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, please refer to "Connected Transactions."

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 ADSs are widely held, publicly traded and listed on Nasdaq. We are therefore not in a position to control the investment decisions of our 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 Kingsoft Corporation and Xiaomi, there are no shareholders who hold more than 10% of our total issued share capital.

In addition, for a company whose securities are listed and traded in the U.S., it is common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act (the "**Rule 10b5-1 Plans**") to buy or sell the company's securities. A Rule 10b5-1 Plan is a written plan, set up with a broker, to trade securities that (a) is entered into at a time when the person trading the securities is not aware of any material non-public information; (b) specifies the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; and (c) does not allow the person trading the securities to exercise any subsequent influence over how, when, or whether to effect purchases or sales. Persons who trade securities pursuant to a Rule 10b5-1 Plan have an affirmative defense against insider trading allegations under U.S. securities law. As of the Latest Practicable Date, none of the Directors of the Group entered into Rule 10b5-1 Plans and used their Shares or ADS as security.

On the basis of the above, we consider 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) our Directors and Chief Executive Officer of our Company and all directors and chief executives of our subsidiaries in respect of their respective dealings pursuant to the Rule 10b5-1 Plans which they may set up prior to the Relevant Period ("**Category 1**");

- (b) our Directors and Chief Executive Officer of our Company, and the directors and chief executives of our Principal Entities and their close associates, only in respect of their respective use of the 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 (“**Category 2**”);
- (c) directors, chief executives and substantial shareholders of our subsidiaries and Consolidated Affiliated Entities (other than the Principal Entities) and their close associates, other than those in Categories 1 and 2 (“**Category 3**”); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our substantial shareholder and who is not our 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 who are not dealing in the Company’s securities according to the Rule 10b5-1 Plans set up before the Relevant Period and persons in Category 2 who use their respective Shares other than as described above in “Dealings in Shares prior to Listing” are subject to the restrictions under Rule 9.09(b) of the Listing Rules.

We believe, subject to the conditions set forth below, the dealings in our securities by our core connected persons will not prejudice the interests of our potential investors and are aligned with the principles in the Hong Kong Stock Exchange’s Guidance Letter GL42-12. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules subject to the following conditions:

- (a) Category 1 of the Permitted Persons have no discretion over dealings in the Company’s ADSs after the Rule 10b5-1 Plans have been entered into;
- (b) Where Category 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;

- (c) Categories 3 and 4 of the Permitted Persons do not have any influence over the Listing and do not possess any of our non-public inside information given that such persons are not in a position with access to information that is considered material to us taken as a whole. Given our vast ADS holder base, we and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in our ADSs;
- (d) we 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 Categories 1 and 2 persons) are not in possession of any non-public inside information of which we are aware;
- (e) we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our 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, the Directors and Chief Executive Officer of the Company, the directors and chief executives of our Principal Entities 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 and unrestricted shares or share units, dividend equivalents, share appreciation rights and share payments under our Group's Equity Incentive Plans.

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:

- (i) any further issue of new Shares will be (a) made under a general mandate or (b) subject to the Shareholders' approval as required under Rule 13.36 of the Listing Rules with the total number of Shares that are issued or may be issued not exceeding 20% of the total number of 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 Kingsoft Corporation in the Company would be no less than 31.2%;
- (ii) the dilution of Kingsoft Corporation's interest resulting from any issue of new Shares will not result in it ceasing to be a controlling shareholder within 12 months after the Listing in compliance with Rule 10.07(1) of the Listing Rules; and
- (iii) any issue of Shares or convertible securities by the Company within the first six months from the Listing 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 shareholders for the issue of further Shares as disclosed in the Listing Document.