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**WAIVERS FROM STRICT COMPLIANCE WITH THE MAIN BOARD LISTING RULES**

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In preparation for the [REDACTED], we have sought the following waivers from strict compliance with certain provisions of the Main Board Listing Rules.

	<b>Main Board Listing Rules</b>	<b>Subject Matter</b>
1.	Rule 8.12	Sufficient Management Presence in Hong Kong
2.	Paragraph 26 of Appendix 1A	Particulars of any Alterations of Capital
3.	Paragraph 27 of Appendix 1A	Disclosure Requirements of Options
4.	Paragraph 29(1) of Appendix 1A	Disclosure of Information on Subsidiaries Whose Profits or Assets Make Material Contribution to our Company

**1. SUFFICIENT MANAGEMENT PRESENCE IN HONG KONG**

Pursuant to Rule 8.12 of the Main Board Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our executive Directors may travel to and station in the PRC from time to time to participate and oversee the day-to-day management of our Company in the PRC, we may not have sufficient management presence in Hong Kong at all times for the purpose of satisfying the requirement under Rule 8.12 of the Main Board 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 Main Board Listing Rules. In order to maintain effective communication with the Stock Exchange, we will continue to put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) Mr. Li Ning and Ms. Chan Tsz Ping, who is our company secretary, are ordinarily resident in Hong Kong, will continue to act as our authorised representatives as required under Rule 3.05 of the Main Board Listing Rules after the [REDACTED], who will act as our principal channel of communication with the Stock Exchange;
- (b) each of the authorised representatives has all necessary means to contact all the Directors promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;
- (c) all the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice; and

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- (d) each Director will provide his or her mobile phone number, office phone number, e-mail address and fax number, where available, to the Stock Exchange.

We believe that the arrangements set out above will be sufficient to ensure that disclosure of information and contact with the Stock Exchange will be made on a timely basis.

**2. PARTICULARS OF ANY ALTERATIONS OF CAPITAL**

Paragraph 26 of Part A of Appendix 1 to the Main Board Listing Rules require the document to include the particulars of any alterations of capital of any member of the group within two years immediately preceding the issue of the document.

As at the Latest Practicable Date, our Company had approximately 190 subsidiaries. Our Company has identified eight entities as our Major Subsidiaries which are material to the business operation of our Group. For further details, see the section headed “History and Corporate Structure – Corporate Development – Major Subsidiaries” in this document. Our Company believes that it would be unduly burdensome for our Company to disclose particulars of all alterations of capital for each member of our Group (other than the Major Subsidiaries) within the two years immediately preceding the issue of this document as our 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 [REDACTED]. Our Directors believe that non-disclosure of such information will not prejudice the interests of [REDACTED].

The Major Subsidiaries include all significant operating subsidiaries which (i) we consider to be significant in the segments where we operate, and/or (ii) represented 10% or more of the total revenue of our Group in any financial year during the Track Record Period. Other than the holding company of our investment in Li Ning Co which is held by us for investment purpose only and is not related to our business operation, none of our non-Major Subsidiaries individually represented over 5% of our total revenue or total assets for each of the financial year or as at the end of each of the financial year (as the case may be) throughout the Track Record Period.

Whilst some of our non-Major Subsidiaries hold intellectual property rights which are material to our business (details of which are disclosed in the paragraph headed “Statutory and General Information – B. Further Information about our Business – 2. Material intellectual property rights” in Appendix V to this document), these companies are either (i) special purpose vehicle incorporated for holding the relevant assets; or (ii) company which, on a standalone basis, is immaterial to our business operation in terms of its percentage to our Group’s total revenue and total assets, and therefore, are not considered as our Major Subsidiaries. Save for the above, none of our other non-Major Subsidiaries hold any major assets, licences or intellectual property rights that are material to our business operation during the Track Record Period.

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Our Major Subsidiaries, together with our Company, are representative of our Group’s business operation and financial position. The total revenue of our Major Subsidiaries represented 64.3%, 58.9% and 91.4% of our total revenue for FY2020, FY2021 and FY2022, and the total assets of our Major Subsidiaries represented 45.8%, 41.6% and 70.3% of the total assets of our Group (excluding (i) interest in associates and joint ventures and (ii) fair value adjustment due to acquisitions undertaken by our Group, which are items that do not relate to our business operation (collectively, “**Excluded Items**”)) as at 31 December 2020, 2021 and 2022, respectively. During the Track Record Period, a substantial amount of our cash was held by our Company as general working capital. The total assets of the Major Subsidiaries, together with the cash held by our Company, represented 82.3%, 84.4% and 83.7% of the total assets of our Group (excluding the Excluded Items) as at 31 December 2020, 2021 and 2022, respectively. Our Company has disclosed the particulars of the changes in its share capital and the Major Subsidiaries in the section headed “History and Corporate Structure – Corporate Development – Major Subsidiaries” and the paragraph headed “Statutory and General Information – A. Further Information about Our Group – 2. Changes in the share capital of our Company” in Appendix V to this document.

Our Company has applied for, and the Stock Exchange [has granted], a waiver from the requirements under paragraph 26 of Part A of Appendix 1 to the Main Board Listing Rules in respect of members of our Group and members of the Clark Group which are not the Major Subsidiaries.

### **3. DISCLOSURE REQUIREMENTS OF OPTIONS**

Paragraph 27 of Part A of Appendix 1 to the Main Board Listing Rules requires our Company to set out in this 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.

We and our subsidiaries may, from time to time, adopt share option schemes, including: (a) the share option scheme adopted by our Company in January 2021 which is subject to Chapter 23 of the GEM listing Rules, and (b) the share option scheme adopted by Bossini in November 2013 which is subject to Chapter 17 of the Main Board Listing Rules (together the “**Share Option Schemes**”). The Share Option Schemes allow us and Bossini to grant options to our employees, directors and consultants. As at the Latest Practicable Date, (i) the total number of shares to be allotted and issued upon full exercise of the outstanding options granted pursuant to the Share Option Schemes represent 2.31% of our Company’s enlarged issued share capital after full exercise of the outstanding options, and (ii) 3.57% of the enlarged issued share capital of Bossini after full exercise of the outstanding options.

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For the reasons stated above, we believe that strict compliance with the above requirements would be unduly burdensome, unnecessary and/or inappropriate for us, and would not be material or meaningful to [REDACTED]:

- (a) given that the number of shares to be allotted and issued upon full exercise of the outstanding options accounted for less than 5% of the enlarged issued share capital of our Company and Bossini after full exercise of the outstanding options, respectively, as at the Latest Practicable Date, the grant and exercise in full of the options under the Share Option Schemes will not cause any material adverse impact in the financial position of our Company and Bossini;
- (b) the disclosure of the personal details of each grantee, including the name, address and the number of options granted, may require obtaining consent from all the grantees and it would be unduly burdensome for us to obtain such consents;
- (c) given our Company is a company listed on GEM before the [REDACTED] and Bossini is a company listed on the Main Board, both companies had been under continuing obligations pursuant to the GEM Listing Rules and the Main Board Listing Rules (as the case may be) to, among other things, (i) disclose information relating to the Share Option Schemes and the options granted thereunder in our financial reports, (ii) make announcement of the grant of options, and (iii) announce the exercise of any options granted by way of next day or monthly returns; and
- (d) we have provided alternative disclosure regarding the details of the outstanding options granted by our Company and Bossini as at the Latest Practicable Date with reference to the disclosure requirements under the GEM Listing Rules for our annual reports and half-yearly reports under the paragraphs headed “D. Share Option Scheme” and “E. Options under the Share Option Scheme of Bossini” in Appendix V to this document, and such information includes:
  - (i) full details of the outstanding options granted under the Share Option Schemes to our Directors, chief executive or substantial Shareholders, or their respective associates, on an individual basis, including all the particulars required under paragraph 27 of Appendix 1A to the Main Board Listing Rules; and
  - (ii) with respect to the outstanding options granted under the Share Option Schemes to other grantees (other than those referred to in (i) above), the aggregate number of such grantees, the aggregate number of shares subject to such options, the grant date, vesting schedule and exercise price for such options.

In light of the above, our Directors are of the view that the grant of the waiver sought under this application will not prejudice the interests of the [REDACTED]. We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with paragraph 27 of Part A of Appendix 1 to the Main Board Listing Rules.

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**4. DISCLOSURE OF INFORMATION ON SUBSIDIARIES WHOSE PROFITS OR ASSETS MAKE MATERIAL CONTRIBUTION TO THE COMPANY**

Paragraph 29(1) of Part A of Appendix 1 to the Main Board Listing Rules require the 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 us, 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.

We believe that it would be unduly burdensome for us to procure this information for the reasons as set out in the sub-section headed “2. Particulars of any Alterations of Capital” in this section above. As such, only the particulars in relation to our Major Subsidiaries are set out in “History and Corporate Structure – Corporate Development – Major Subsidiaries” and “Statutory and General Information – A. Further Information about Our Group” in Appendix V to this document, which should be sufficient for potential [REDACTED] to make an informed assessment of our Company in their [REDACTED] decisions.

We are of the view that all material information necessary for [REDACTED] to make an informed assessment of the business, assets and liabilities, financial position, [REDACTED] position, management and prospect of our Group has been disclosed in this document, and as such, the non-disclosure of such information will not prejudice the interest of the [REDACTED].

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under paragraph 29(1) of Part A of Appendix 1 to the Main Board Listing Rules.