

SECTION A

WAIVERS AND APPROVAL

Requisition Waiver

The Company has sought, and the Stock Exchange has granted, the following Requisition Waiver, which will continue to apply and will not be withdrawn by the Stock Exchange upon the Primary Conversion, on the basis that except for the expected change of listing status of the Company to a primary listing, there has been no change in circumstances since the Company's listing on the Stock Exchange.

<u>Listing Rule</u>	<u>Subject matter</u>
Paragraph 14(5) of Appendix 3 (equivalent to the repealed Rule 19C.07(7)) ^(Note)	Requisition of extraordinary general meeting by the Shareholders

Note: Rule 19C.07(7) of the Listing Rules has been repealed as a result of the implementation of proposals of the "Consultation Conclusions Paper on Listing Regime for Overseas Issuers" published by the Stock Exchange on November 19, 2021.

Waivers and Approval

The Stock Exchange has granted, (a) the following waivers from strict compliance with, and (b) an approval under, the following provisions of the Listing Rules:

<u>No.</u>	<u>Listing Rule(s)</u>	<u>Subject matter</u>
<i>Waivers</i>		
A1.	Rules 3.28 and 8.17	Joint Company Secretaries
A2.	Rule 19.25A, and Note 2.1 to Paragraph 2 of Appendix 16	Use of U.S. GAAP
A3.	Note (1) to Rule 17.03(9)	Exercise price of Options and SARs to be granted pursuant to the 2022 Plan after the Primary Conversion
A4.	Rule 10.06(2)(e)	Hong Kong Repurchase Agreement
<i>Approval</i>		
A5.	Rule 10.06(3)	Certain restrictions imposed on the issuance of Shares for: Scenario 1 — Grant of Awards under the 2022 Plan within 30 days after share repurchases made pursuant to the Settlement Mechanism under the 2016 Plan, the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement; and

No. Listing Rule(s)	Subject matter
	Scenario 2 — Equity fund-raising within 30 days after a share repurchase made pursuant to the Settlement Mechanism under the 2016 Plan

A1. JOINT COMPANY SECRETARIES

Requirements under the Listing Rules

Rules 3.28 and 8.17 of the Listing Rules require the Company to appoint as its company secretary an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Reasons for applying for the waiver

The Company has appointed, with effect from the Effective Date, (a) Ms. Pingping Liu, the Corporate Secretary and Senior Legal Director of the Company; and (b) Ms. Tang King Yin of Tricor Services Limited as the Joint Company Secretaries of the Company.

Ms. Liu joined the Company in May 2016 and currently serves as the Corporate Secretary and Senior Legal Director of the Company. She has been primarily responsible for overseeing the reporting to the SEC and the compliance with the NYSE rules and the Listing Rules, and managing board and shareholders' meetings. Ms. Liu has almost 20 years of experience in legal and compliance. From July 2005 to July 2013, Ms. Liu worked at Shearman & Sterling LLP. From September 2002 to June 2005, Ms. Liu worked at Arnold & Porter LLP. Ms. Liu obtained the Doctor of Law Degree from Emory University School of Law in the United States in May 2002. Ms. Liu is admitted to the District of Columbia Bar Association and the New York State Bar Association.

The Company confirms that, having regard to Ms. Liu's thorough understanding of corporate governance of the Group, substantial experience in handling company secretarial matters relating to the Company, and close working relationship with the management of the Group, she is therefore considered as a suitable person to act as a company secretary of the Company. In addition, as the operational headquarters and principal business operations of the Group are located in the PRC, the Company believes that it is necessary to appoint Ms. Liu as a company secretary, whose presence in the PRC enables her to attend to the day-to-day corporate secretarial matters concerning the Group.

Ms. Liu has extensive experience in legal and compliance matters but presently may not possess the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and is not able to solely fulfill the requirements as a company secretary of a listed issuer under Rules 3.28 and 8.17 of the Listing Rules. Therefore, the Company has appointed Ms. Tang as one of the Joint Company Secretaries for a three-year period from the Effective Date.

Ms. Tang is a manager of Corporate Services of Tricor. Ms. Tang has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Tang is currently

the joint company secretary of three listed companies on the Stock Exchange, namely, Leading Holdings Group Limited (a company listed on the Stock Exchange with stock code of 6999), Ling Yue Services Group Limited (a company listed on the Stock Exchange with stock code of 2165) and Tuya Inc. (a company listed on the Stock Exchange with stock code of 2391). Ms. Tang is a chartered secretary, a chartered governance professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Tang obtained a bachelor's degree in Business Administration from Hong Kong Shue Yan University in Hong Kong in July 2011 and a master's degree in Corporate Governance and Compliance from Hong Kong Baptist University in Hong Kong in November 2021.

Waiver sought

The Company has applied 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, subject to the conditions that (i) Ms. Liu will be assisted by Ms. Tang as the Joint Company Secretary throughout the three-year period upon the Effective Date; and (ii) the waiver can be revoked if the Company commits any material breaches of the Listing Rules during the three-year period from the Effective Date.

The Company will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Liu, having had the benefit of Ms. Tang's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

A2. USE OF U.S. GAAP

Requirements under the Listing Rules

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 the HKFRS issued by the Hong Kong Institute of Certified Public Accountants or the IFRS issued by the International Accounting Standards Board. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with the HKFRS or the 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 the HKFRS or the IFRS.

Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules requires the Company to prepare its financial statements in the financial reports to be in conformity with: (a) the HKFRS; (b) the 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 to Paragraph 2 of Appendix 16 to the Listing Rules, subject to the requirements under Rule 19A.25 of the Listing Rules.

In GL111-22, the Stock Exchange has indicated that it has accepted that the financial statements and accountants' reports of overseas issuers with, or seeking, among others, a dual primary listing in the United States and on the Stock Exchange can be prepared in conformity with the U.S. GAAP. GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than the HKFRS or the 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 the HKFRS or the IFRS in its accountants' reports and annual/interim/quarterly reports.

Reasons for applying for the waiver

Under the SEC rules, the Company has a continuous obligation to make financial disclosure in the United States. As the Company is a company incorporated under the laws of the State of Delaware and its affairs are governed by its constitutional documents and the General Corporation Law of the State of Delaware, as well as other applicable laws, regulations, policies and procedures, the Company is therefore required to prepare its financial statements in conformity with the U.S. GAAP. The Company's reporting obligations will continue even after it is delisted from the NYSE, until it qualifies and files the requisite forms to suspend its reporting obligation under the SEC rules. Even in the event that the Company is no longer listed on the NYSE, as a domestic U.S. company with reporting obligations, the Company will continue to be required to use the U.S. GAAP.

Furthermore, the U.S. GAAP is well recognized and accepted by the international investment community (including Hong Kong investors) and significant progress has been made in the convergence between the U.S. GAAP and the IFRS.

Upon the Effective Date, the Company's financial statements will continue to be prepared in accordance with the U.S. GAAP and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States). Additionally, the Company notes that it might lead to confusion among the Company's investors and Shareholders if the Company were 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.

Waiver sought

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules in respect of its financial statements, subject to the following conditions:

- (a) the Company will, for the financial year following the Effective Date, include (i) a description of the relevant key differences between the U.S. GAAP and the IFRS; and (ii) a reconciliation statement showing the financial effect of any material differences between the financial statements prepared using the U.S. GAAP and the IFRS in its interim and annual reports after the Primary Conversion as required under Rule 19.25A of the Listing Rules and Paragraphs 30 to 32 of GL111-22, with the reconciliation statement as a note to the Company's consolidated financial statements in the interim reports to be reviewed by an external auditor in accordance with a standard that is at least equivalent to International Standard on Assurance Engagements

3000 or Hong Kong Standard on Assurance Engagements 3000 and the reconciliation statement as a note to the Company's consolidated financial statements in the annual reports to be audited by an external auditor; and

- (b) the Company will use the IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed on the NYSE and is no longer a U.S. reporting company.

A3. EXERCISE PRICE OF OPTIONS AND SARs TO BE GRANTED PURSUANT TO THE 2022 PLAN

Requirements under the Listing Rules

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: (a) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet (namely, the HKSE Price) on the date of grant, which must be a Business Day; and (b) 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.

Reasons for applying for the waiver

Under the terms of the 2022 Plan which shall take effect from the Effective Date, the exercise price of each of the Options or the SARs granted shall be established by a board committee of the Company (which generally means the Compensation Committee) or shall be determined by a method established by the Compensation Committee at the time the Option or SAR is granted, provided that the exercise price shall not be less than the higher of (a) the Fair Market Value of a Share on the date of grant (which must be a NYSE trading day) and (b) the average Fair Market Value of a Share for the five NYSE trading days immediately preceding the date of grant (or, if greater, the par value of a Share on such date(s)).

The 2022 Plan further provides that the Fair Market Value shall be the closing price per Share on such date on the NYSE (namely, the NYSE Price), if no such sale is reported on that date, on the last preceding date on which a sale was so reported.

It would be unduly burdensome for the Company and its employees if the exercise prices of the Options and SARs under the 2022 Plan were to be determined with reference to the HKSE Price. The waiver from Note (1) to Rule 17.03(9) of the Listing Rules can be justified on the following bases:

- (a) since the listing of the Shares on the NYSE in November 2016, it has been the Company's practice to issue Options and SARs under the 2016 Plan which are exercisable into Shares denominated in U.S. dollars with reference to the NYSE Price;
- (b) it will likely cause confusion to the eligible individuals under the 2022 Plan, many of whom were also eligible individuals under the 2016 Plan, to change the reference price, for determining the exercise prices of the Options and SARs, into the HKSE Price, which is denominated in Hong Kong dollars. It will also likely lead to significant inconvenience for

them to evaluate the amount of potential gains with respect to their Options and SARs, by comparing the latest NYSE Price against a Hong Kong dollar-denominated exercise price, and make personal investment decisions and financial planning accordingly;

- (c) in addition, subject to the waiver from strict compliance with Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules in respect of financial statements of the Company, the Company will continue to prepare its accounts based on U.S. GAAP after the Effective Date. The Company is incorporated in the United States, the functional currency of the Company is U.S. dollars, and the Shares are denominated in U.S. dollars. Granting Options and SARs denominated in Hong Kong dollars would impose a considerable amount of work on accounting and financial reporting on the Company, and the benefits of such work may not justify the additional work and expenses involved;
- (d) the vast majority of the trading volume for the Shares has been on NYSE since the Company's listing in November 2016;
- (e) the Company has been issuing Shares registered on the principal segment of its register of Stockholders in the United States in settling Options and SARs under the 2016 Plan and will continue to do so under the 2022 Plan. It will likely cause confusion for the administrator of the 2022 Plan if the exercise price of the Options and SARs is denominated in Hong Kong dollars; and
- (f) the method for determining the exercise price of Options and SARs based on the NYSE Price substantially replicates the requirement in Note (1) to Rule 17.03(9) of the Listing Rules.

Waiver sought

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 of Options and SARs under the 2022 Plan based on the higher of: (a) the NYSE Price on the date of grant, which must be a NYSE trading day; and (b) the average NYSE Price for the five NYSE trading days immediately preceding the date of grant, subject to the condition that the Company shall not grant any Options and SARs 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.

A4. HONG KONG REPURCHASE PROGRAM

As part of the capital allocation plan of the Company to return US\$3 billion to shareholders through dividends and share repurchases from 2024 to 2026, the Company has entered into share repurchase agreements for an aggregate repurchase amount of US\$750 million in 2024, including approximately US\$600 million under the Rule 10b5-1 of the United States Securities Exchange Act of 1934 in the U.S. (the “**Rule 10b5-1 Repurchase Program**”) and approximately HK\$1.2 billion for a similar program in Hong Kong (the “**Hong Kong Repurchase Program**”, together with the Rule 10b5-1 Repurchase Program, the “**Repurchase Programs**”). For the Hong Kong Repurchase Program, the Company obtained a waiver from the Hong Kong Stock Exchange, in order to allow its shareholders, regardless of the exchange on which the shares they hold are traded, equal access to the repurchase programs.

Reference is made to the announcement of the Company dated November 2, 2023 with respect to the increase in the share repurchase authorization (the “**Repurchase Authorization**”) from the Board. The Company may repurchase Shares under this authorization from time to time in the open market in the United States and Hong Kong or, subject to applicable regulatory requirements, through privately negotiated transactions, block trades, accelerated share repurchase transactions and the use of Rule 10b5-1 trading plans.

On November 16, 2023, the Company entered into a share repurchase agreement (the “**Hong Kong Repurchase Agreement**”) with an independent broker, Citigroup Global Markets Limited (the “**Broker**”), pursuant to which the Broker, through its affiliate, Citigroup Global Markets Asia Limited, shall effect repurchases of Shares on the Stock Exchange in accordance with pre-established parameters under the Hong Kong Repurchase Agreement. The repurchases under the Hong Kong Repurchase Program will be conducted through the open market and the facilities of the Stock Exchange. Unless terminated pursuant to the terms therein, the term of the Hong Kong Repurchase Agreement is expected to commence on January 1, 2024 (the “**Plan Effective Date**”), and end upon the earlier of (a) December 31, 2024 (the “**Plan End Date**”) or (b) the completion of the aggregate purchase amount of approximately HK\$1.2 billion.

On the same day, the Company entered into a repurchase agreement (the “**Rule 10b5-1 Repurchase Agreement**”) for repurchases of Shares listed on the New York Stock Exchange in accordance with Rule 10b5-1 of the United States Securities Exchange Act of 1934 (the “**U.S. Exchange Act**”). For further information of the Rule 10b5-1 Repurchase Program, please refer to the Announcements. Unless terminated pursuant to the terms therein, the term of the Rule 10b5-1 Repurchase Agreement is expected to commence on January 1, 2024, and end upon the earlier of (a) December 31, 2024 or (b) the completion of the aggregate purchase amount of approximately US\$600 million. There is no material change in respect of the Rule 10b5-1 Repurchase Program as disclosed in the Announcement, except for the identity of the broker, duration, repurchase price, daily repurchase limit and aggregate repurchase limit.

The entering into of the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement and any repurchases made thereunder will be pursuant to the Repurchase Authorization. In addition, any repurchases in Hong Kong and the U.S. will be made under the general repurchase mandate from the shareholders sought at the Company's annual general meeting held each year, with the most recent general repurchase mandate being granted at the annual general meeting held on May 25, 2023 (the "**2023 Repurchase Mandate**").

Requirements under the Listing Rules

Rule 10.06(2)(e) of the Listing Rules requires an issuer not to purchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of:

- (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement (the "**Rule 10.06(2)(e) Restricted Period**"), the issuer may not purchase its shares on the Stock Exchange, unless the circumstances are exceptional.

In connection with the entering into of the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement and the share repurchases contemplated thereunder, the Company has sought, and the Stock Exchange has granted, in respect of share repurchases made pursuant to the Hong Kong Repurchase Agreement, a waiver from strict compliance with the requirements under Rule 10.06(2)(e) of the Listing Rules during the following periods: (i) the Rule 10.06(2)(e) Restricted Period; or (ii) when in possession of any inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) ((i) and (ii) collectively, the "**Restricted Period**").

In respect of share repurchases made pursuant to the Hong Kong Repurchase Agreement

Repurchases pursuant to the Hong Kong Repurchase Agreement will be conducted through the open market and the facilities of the Stock Exchange. Because the Company has relinquished direct control over transactions to the Broker, the actual trades made pursuant to the Hong Kong Repurchase Agreement might be executed by the Broker at a time during the Restricted Period.

Basis for applying for a waiver from strict compliance with Rule 10.06(2)(e) of the Listing Rules

According to the Stock Exchange Guidance Letter GL117-23, the overriding principle when considering the waiver is whether the issuer has adopted sufficient safeguards against trading with undisclosed inside information and potential share price manipulation. The principal terms and features of the Hong Kong Repurchase Agreement and the analysis of their compliance with the Stock Exchange Guidance Letter GL117-23 are summarized below.

Safeguard against trading with undisclosed inside information

Irrevocable non-discretionary arrangement with a single independent broker

Irrevocable non-discretionary arrangement

1. Specified trading parameters

The Hong Kong Repurchase Agreement is binding on both the Company and the Broker. The trading parameters have been established and set out in the Hong Kong Repurchase Agreement. In particular, the repurchase price and daily repurchase limit are expressly specified. The repurchase price is the market price of the Shares on the Stock Exchange at the time of repurchase by the Broker and subject to the restriction on repurchase price not being greater than 105% of the average closing market price of the Shares on the Stock Exchange during the prescribed period. The daily repurchase limit is a fixed monetary limit and subject to the restriction that the repurchase made on a particular day may not exceed 25% of the average daily trading volume of the Shares on the Stock Exchange during the prescribed period. Please refer to the paragraphs headed “Dealing restrictions” below for further information. In addition, there is an aggregate repurchase limit of approximately HK\$1.2 billion which, based on the closing price of the Shares traded on the Stock Exchange on November 14, 2023, represented 0.8% of the Shares in issue as of November 14, 2023.

2. Timing of entering into the Hong Kong Repurchase Agreement

In line with the requirements under Rule 10.06(2)(e) of the Listing Rules, the Hong Kong Repurchase Agreement was entered into with the Broker at a time which was outside the Restricted Period.

3. Restrictions on modification, amendment, suspension and termination

The Hong Kong Repurchase Agreement shall terminate on the earliest to occur of the following:

- (a) the Plan End Date;
- (b) the completion of the aggregate purchase limit (in HK dollar amount) contemplated in the Hong Kong Repurchase Agreement by the Broker;

- (c) if the Company elects to exercise its right to terminate the Hong Kong Purchase Agreement, promptly following the receipt (but in no event later than the end of the business day following the date of receipt) by the Broker of a notice of early termination;
- (d) the expiry or revocation of the 2023 Repurchase Mandate and the failure of the Company to obtain an authorization from its shareholders that has the effect of renewing or replacing the authority granted by the 2023 Repurchase Mandate within one business day following the expiry or revocation of the 2023 Repurchase Mandate;
- (e) the commencement of any voluntary or involuntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company under any bankruptcy, insolvency or similar law or seeking the appointment of a trustee, receiver or other similar official, or the taking of any corporate action by the Company to authorize or commence any of the foregoing;
- (f) the public announcement of a tender or exchange offer for the share or of a merger, acquisition, recapitalization or other similar business combination or transaction as a result of which the share would be exchanged for or converted into cash, securities or other property; and
- (g) the failure of the Company to pay commission to the Broker if such failure is not remedied within one business day after notice of such failure is given by the Broker.

Furthermore, subject to the restriction on amendment, termination and suspension below, the Company reserves the right to amend, terminate or instruct the Broker to suspend purchases of shares at any time.

Unless required by applicable laws and regulations, the Hong Kong Repurchase Agreement would not be modified, amended or terminated by the Company during the Restricted Period. Furthermore, unless suspension is required in accordance with applicable laws and regulations, suspension and resumption instructions could not be given by the Company during the Restricted Period.

Independent broker

1. Relationship with the Broker

The Company confirms that the Broker is not a connected person (as defined in the Listing Rules) of the Company.

2. Internal control

To the best knowledge of the Company after due enquiry, the Broker has established Chinese walls to ensure a separation of the functions of (a) trading as the Company's broker under the Hong Kong Repurchase Program and (b) conducting its own proprietary trades, and would be able to comply with applicable laws, rules and regulations applicable to its role as broker under the Hong Kong Repurchase Agreement. The Company and the Broker have put in place appropriate system and control to ensure that (a) there is no influence by the Company or any of its connected persons over the Hong Kong Repurchase Program after the Plan Effective Date (as defined below) and that all repurchase decisions under the Hong Kong Repurchase Agreement are made independently from the Company and its connected persons (as defined in the Listing Rules); and (b) no inside information of the Company and its connected persons will be given directly or indirectly to, or received by any personnel of the Broker involved in the establishment or execution of the Hong Kong Repurchase Agreement until a reasonable time after its completion or termination.

3. Independent decision making by the Broker

Within the pre-established parameters set out in the Hong Kong Repurchase Agreement, the Broker has the sole discretion, independently of the Company, on when to repurchase or the repurchase price of the Shares.

The Company acknowledged and agreed in the Hong Kong Repurchase Agreement that it does not have authority, influence or control over any repurchase to be effected by the Broker pursuant to the Hong Kong Repurchase Agreement and the Company will not attempt to exercise any authority, influence or control over the repurchases to be effected by the Broker. The Broker agreed not to seek advice from the Company with respect to the manner in which it effects repurchases under the Hong Kong Repurchase Agreement.

The Broker shall effect the repurchases in compliance with the applicable rules and laws. While the Broker has the discretion to decide when and how to make repurchases under the Hong Kong Repurchase Agreement subject to the pre-established parameters, it has no discretion to make repurchases outside of the pre-established parameters.

Single Broker

The Hong Kong Repurchase Program would be effected through the Broker only.

Term of the Hong Kong Repurchase Agreement

Duration of the Hong Kong Repurchase Agreement

Unless terminated pursuant to the terms therein, the term of the Hong Kong Repurchase Agreement is expected to commence on the Plan Effective Date, and end upon the earliest to occur of (a) the Plan End Date or (b) the completion of the aggregate purchase amount contemplated in the Hong Kong Repurchase Agreement.

Cooling-off Period

The Hong Kong Repurchase Program imposes a cooling-off period of not less than 30 days from the execution of the Hong Kong Repurchase Agreement. Repurchases under the Hong Kong Repurchase program may only be effected by the Broker after such cooling-off period.

Safeguard against potential price manipulation

Market capitalization and liquidity of the Shares

The Company is a U.S. Fortune 500 company, the Shares have traded on the New York Stock Exchange since November 2016, and on the Main Board of the Stock Exchange since September 2020. On October 24, 2022, the Company's voluntary conversion of its secondary listing status to a primary listing status on the Main Board of the Stock Exchange became effective. Based on the closing price of the Shares traded on the Stock Exchange on November 14, 2023, the market capitalization of the Company amounted to approximately HK\$141 billion as of November 14, 2023 and the average daily turnover of the Shares on the New York Stock Exchange and Stock Exchange amounted to approximately US\$103 million and HK\$140 million, respectively, for the six months immediately preceding November 14, 2023.

Dealing restrictions

Intraday restriction

Repurchases pursuant to the Hong Kong Repurchase Agreement may be conducted in the open market on the Stock Exchange during the continuous trading session of the trading day on which the Shares are traded on the Stock Exchange (the “**Exchange Business Day(s)**”), but not during the pre-opening session and the closing auction session of any Exchange Business Day. The Broker shall not modify any repurchase order during the pre-opening session and the closing auction session of any Exchange Business Day.

In addition, the Broker shall not effect repurchases during (a) the 10 minutes before the scheduled close of the continuous trading session of an Exchange Business Day if the worldwide average daily turnover of the Shares amounts to US\$1.0 million or more for the four weeks immediately preceding the date on which the Shares are to be repurchased and the public float value of the Company amounts to US\$150 million or more as calculated in accordance with Rule 10b-18 of the Exchange Act; or (b) the 30 minutes before the scheduled close of the continuous trading session of an Exchange Business Day for any other case.

Restriction on average daily trading volume

The repurchase made on a particular day during the term of the Hong Kong Repurchase Agreement may not exceed 25% of the average daily trading volume of the Shares on the Stock Exchange during the 20 Exchange Business Days immediately preceding the date on which the Shares are to be repurchased.

Restriction on repurchase price

Compliant with the requirements under Rule 10.06(2)(a) of the Listing Rules, the Broker shall only repurchase the Shares when the price to be paid per Share (excluding any commission, duties, taxes and expenses) to be repurchased is not greater than 105% of the average closing market price of the Shares on the Stock Exchange for the five Exchange Business Days immediately preceding the date on which the Shares are to be repurchased.

General conditions

The Company has complied, and will comply, with reporting obligations under the Listing Rules. In respect of any share repurchases, the Company will publish next day disclosure return pursuant to the requirements under the Listing Rules as and when appropriate and necessary. Furthermore, the Company will ensure compliance with the SFO, in particular the provisions in relation to market manipulation and insider dealing.

Waiver sought

The Company has a quarterly reporting obligation in the U.S. The trading windows available to the Company for making repurchases under applicable U.S. laws and regulations are significantly limited and are generally less than those available to typical Hong Kong issuers. On the ground that the terms and the features of the Hong Kong Repurchase Agreement satisfy the requirements under the Listing Rules and guidance provided in the Stock Exchange Guidance Letter GL117-23, such that the Hong Kong Repurchase Program is structured in a manner to mitigate the risk of trading with undisclosed inside information and potential price manipulation, the granting of the waiver from strict compliance with Rule 10.06(2)(e) will not give rise to undue risk to shareholders.

In addition, it may not be feasible and advisable for the Company to strictly comply with Rule 10.06(2)(e) of the Listing Rules by terminating or suspending the Hong Kong Repurchase Agreement with the Broker during the Restricted Period, as the act of termination or suspension may imply the occurrence of inside information and may result in a potential implication of insider dealing under the SFO or applicable insider trading laws in the U.S.. Therefore, strict compliance with Rule 10.06(2)(e) of the Listing Rules is unduly burdensome.

Accordingly, the Company has sought, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 10.06(2)(e) of the Listing Rules in respect of share repurchases made pursuant to the Hong Kong Repurchase Agreement during the Restricted Period.

A5. CERTAIN RESTRICTIONS IMPOSED ON THE ISSUANCE OF SHARES

(a) Settlement Mechanism under the 2016 Plan as a share repurchase

There are outstanding options under the 2016 Plan. All participants who have received grants under the 2016 Plan have entrenched rights under the 2016 Plan, and the 2016 Plan will continue to govern awards under the 2016 Plan granted prior to the effectiveness of the 2022 Plan.

Under the terms of the 2016 Plan, a participant has the right to elect to pay the exercise price of his/her share options and satisfy tax obligations by tendering existing Shares instead of cash (the “**Settlement Mechanism**”). The provision permitting the tendering of Shares as payment of the exercise price of the options would allow participants to exercise their options with less or no cash, without having to raise funds and incurring unnecessary transaction costs.

(b) Share repurchase on the NYSE made pursuant to the Rule 10b5-1 Repurchase Agreement

Under U.S. securities laws, the Company may not repurchase Shares when it is in possession of material nonpublic information, other than pursuant to a program set up within the ambit of Rule 10b5-1 of the U.S. Exchange Act. The Rule 10b5-1 Repurchase Program is designed within the parameters set forth under Rule 10b5-1 of the U.S. Exchange Act. The Rule 10b5-1 Repurchase Program is a passive investment scheme pursuant to which the Company relinquishes direct control over the trades to the broker after the Company has established the Rule 10b5-1 Repurchase Program in good faith and at a time when the Company was unaware of material nonpublic information. As such, the Company has an affirmative defense under U.S. securities laws against accusations of insider trading, regardless of whether the actual trades made pursuant to the plan are executed by the broker at a time when the Company may be aware of material nonpublic information that would otherwise subject that person to liability under Section 10(b) of the U.S. Exchange Act or Rule 10b5-1 of the U.S. Exchange Act.

Repurchases made pursuant to the Rule 10b5-1 Repurchase Program will be on-market share repurchases by the Company on the NYSE.

(c) Share repurchase on the Stock Exchange made pursuant to the Hong Kong Repurchase Agreement

Please refer to the paragraph headed “A4. Hong Kong Repurchase Agreement” for details.

Requirements under the Listing Rules

Rule 10.06(3) of the Listing Rules requires an issuer to seek the Stock Exchange’s approval before issuing new shares or announcing a new issue of shares within 30 days after the issuer’s purchase of its own shares, whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the issuer to issue securities, which were outstanding prior to that purchase of its own securities).

The Company has adopted the 2022 Plan with effect from the Effective Date. The Company will grant Awards in accordance with the terms of the 2022 Plan from time to time as and when appropriate and necessary.

The Company has obtained confirmation from the Stock Exchange that share issuance for the settlement of Awards to be granted under the 2022 Plan falls under the exceptions set out in Rule 10.06(3) of the Listing Rules as the share issuance results from the exercise of SARs or vesting of other Awards under the 2022 Plan, which will be outstanding and pre-existing prior to any repurchase of Shares.

The case of the Company

The Company has sought, and the Stock Exchange has granted, an approval for share issuance under Rule 10.06(3) of the Listing Rules in respect of potential share issuance in the following scenarios:

Scenario 1 — Grant of Awards under the 2022 Plan within 30 days after share repurchases made pursuant to the Settlement Mechanism under the 2016 Plan, the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement; and

Scenario 2 — Equity fund-raising within 30 days after a share repurchase made pursuant to the Settlement Mechanism under the 2016 Plan.

Reasons for applying for the approval

Scenario 1 — Grant of Awards under the 2022 Plan within 30 days after share repurchases made pursuant to the Settlement Mechanism under the 2016 Plan, the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement

On and after the Effective Date, the Company will grant Awards in accordance with the terms of the 2022 Plan from time to time as and when appropriate and necessary. The approval will enable the Company to grant Awards under the 2022 Plan within 30 days after share repurchases made pursuant to the Settlement Mechanism under the 2016 Plan, the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement. An approval under Rule 10.06(3) of the Listing Rules in this scenario can be justified on the following basis:

(a) *Repurchases made pursuant to the Settlement Mechanism is the entrenched right of participants under the 2016 Plan*

The 2016 Plan is a typical equity plan adopted by companies listed in the United States. As of the date hereof, there were limited number of Options under the 2016 Plan, and all outstanding Options under the 2016 Plan were held by non-employee participants. However, since the 2016 Plan has been implemented since October 2016, an amendment to or cancellation of the Settlement Mechanism under the 2016 Plan would affect the entrenched right of participants who hold grants under the 2016 Plan.

(b) Repurchases made pursuant to the Settlement Mechanism are irrevocable and non-discretionary from the Company's perspective

The Settlement Mechanism is triggered by the unilateral exercise by the participants at their discretion and in accordance with the terms of the 2016 Plan and relevant award agreements.

By its very nature, decisions relating to whether to exercise, the timing of the exercise and the manner of exercise of the Options are made by the participants in accordance with the provisions of the 2016 Plan and relevant award agreements, rather than the Company. The Company has no discretion as to when the Options are exercised and what portion of the exercise price is to be satisfied by the participant tendering his/her Shares. The resulting repurchase is an involuntary event from time to time and beyond the control of the Company.

In addition, the Shares tendered under the Settlement Mechanism will be valued at prevailing market price as of the day of exercise of the Options. Therefore, the risk of the exercise price of the Awards to be granted under the 2022 Plan being affected by the tendering of the Shares under the Settlement Mechanism is remote.

(c) Repurchases made pursuant to the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement are irrevocable and non-discretionary from the Company's perspective

Within the pre-established parameters set out in the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement, the Broker and the broker of the Rule 10b5-1 Repurchase Agreement (the “**U.S. Broker**”) have the sole discretion, independently of the Company, to make decisions on whether and when to repurchase Shares.

Under the terms of the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement, the Company acknowledged and agreed that it does not have authority, influence or control over any repurchase effected by the Broker and the U.S. Broker pursuant to the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement and the Company will not attempt to exercise any authority, influence or control over the repurchases made by the Broker and the U.S. Broker. The Broker and the U.S. Broker will not seek advice from the Company with respect to the manner in which it effects repurchases under the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement. Therefore, the Broker and the U.S. Broker have the sole discretion to make repurchases within the parameters specified in the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement. In addition, the Repurchase Programs impose a cooling-off period of not less than 30 days from the execution of the Hong Kong Repurchase Agreement and Rule 10b5-1 Repurchase Agreement, respectively. Therefore, the concern of price manipulation is remote.

(d) Potential impact to the Company's ability to attract and retain talent

The grants of Awards under the 2022 Plan are for attracting and retaining talent and not for fund-raising purposes. Such grants of Awards should not be caught by Rule 10.06(3) of the Listing Rules, which is intended to prevent listed issuers from manipulating the market price of its shares through conducting repurchases and share issuances close in time of each other.

The share incentive plans are critical to the Company's ability to attract and retain talent. Absent an approval under Rule 10.06(3) of the Listing Rules, the Company may not be able to grant the Awards under the 2022 Plan from time to time as and when appropriate and necessary, and would to a certain extent be restricted from using the 2022 Plan to attract and retain talent.

In light of the above and given that the 2022 Plan takes effect since the Effective Date, the Company will grant the Awards in accordance with the terms of the 2022 Plan from time to time as and when appropriate and necessary, it would be unduly burdensome for the Company to delay the grant of Awards under the 2022 Plan after share repurchases made pursuant to the Settlement Mechanism under the 2016 Plan, the Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement.

Scenario 2 — Share issuance for equity fund-raising within 30 days after a share repurchase made pursuant to the Settlement Mechanism under the 2016 Plan

Absent the approval, the Company would not be able to issue Shares for equity fund-raising within 30 days after a share repurchase made pursuant to the Settlement Mechanism under the 2016 Plan. The approval under Rule 10.06(3) of the Listing Rules in this scenario can be justified on the basis that repurchase made pursuant to the Settlement Mechanism (a) is the entrenched right of the participants under the 2016 Plan and (b) is irrevocable and non-discretionary from the Company's perspective, please refer to the paragraph headed "Scenario 1 — Grant of Awards under the 2022 Plan within 30 days after share repurchases made pursuant to the Settlement Mechanism under the 2016 Plan, Hong Kong Repurchase Agreement and the Rule 10b5-1 Repurchase Agreement" above for details.

Given that the risk of the issue price of new Shares being affected by the tendering of the Shares under the Settlement Mechanism is remote, it would be unduly burdensome for the Company to delay equity fund-raising after a share repurchase made pursuant to the Settlement Mechanism under the 2016 Plan.

Approval sought

The Company has sought, and the Stock Exchange has granted, the approval for share issuances in the above two scenarios under Rule 10.06(3) of the Listing Rules.