

## SECTION A

### WAIVERS AND EXEMPTIONS

In preparation for the Listing, we have sought the following novel waivers from strict compliance with the Hong Kong Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

<b>No.</b>	<b>Rules</b>	<b>Subject Matter</b>
1.	Rule 8.12 of the Hong Kong Listing Rules	Management presence in Hong Kong
2.	Appendix 3 and Rule 8A.44 of the Hong Kong Listing Rules	Requirements relating to the Articles of Association of the Company
3.	Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in Shares prior to Listing
4.	Rule 10.04 of, and Paragraph 5(2) of Appendix 6 to, the Hong Kong Listing Rules	Subscription for Shares by existing Shareholders
5.	Paragraph 27 of Appendix 1A to the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Waiver and exemption in relation to the Share Incentive Plans
6.	Rules 4.10 and 4.11 of, and note 2.1 to paragraph 2 of the Appendix 16 to, the Hong Kong Listing Rules	Use of U.S. GAAP
7.	Rule 13.46(2)(b) of the Hong Kong Listing Rules	Laying 2021 annual financial statements before members at an annual general meeting within six months after the end of financial year
8.	Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules	Exercise price of options to be granted pursuant to the Share Incentive Plans after the Listing
9.	Rules 14A.35, 14A.36, 14A.52, 14A.53, 14A.105 of the Hong Kong Listing Rules	Connected transactions
10.	Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules	Disclosure of Offer Price

## MANAGEMENT PRESENCE IN HONG KONG

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

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

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

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. Wei Sun, our executive Director and Chief Financial Officer, and Ms. Yee Wa Lau, our joint company secretary;
- (b) Each Director will provide his/her contact details, including mobile phone numbers, office phone numbers, residential phone numbers, e-mail addresses and facsimile numbers to the Stock Exchange and to the authorized representatives in accordance with Rule 3.20 of the Listing Rules. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;
- (d) pursuant to Rule 3A.19 and Rule 8A.33 of the Listing Rules, our Company has retained the services of Guotai Junan Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company's authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties. The Compliance Adviser will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 and Rule 8A.34 of the Listing Rules; and

- (e) meetings between the Stock Exchange and the Directors can be arranged through the authorized representatives or the Compliance Adviser, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

## **REQUIREMENTS RELATING TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

As the Company is applying for a dual primary listing on the Stock Exchange, the Articles are required to comply with Appendix 3 of the Listing Rules. Rule 8A.44 of the Listing Rules requires issuers with WVR Structures such as our Company to give force to the requirements of Rules 8A.07, 8A.09, 8A.10, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18, 8A.19, 8A.21, 8A.22, 8A.23, 8A.24, 8A.26, 8A.27, 8A.28, 8A.29, 8A.30, 8A.31, 8A.32, 8A.33, 8A.34, 8A.35, 8A.37, 8A.38, 8A.39, 8A.40 and 8A.41 by incorporating them into their articles of association or equivalent document (together with the requirements under Appendix 3 to the Hong Kong Listing Rules, the “**Listing Rules Articles Requirements**”).

The Company’s existing Articles do not comply with some of the Listing Rules Articles Requirements, namely, (i) paragraphs 4(2)-(3), 14(1)-(5), 15, 16, 17, 18, 20 and 21 of Appendix 3 to the Listing Rules, and (ii) Rules 8A.09, 8A.13 to 8A.19, 8A.22 to 8A.24, 8A.26 to 8A.35 and 8A.37 to 8A.41 of the Listing Rules (together, the “**Unmet Listing Rules Articles Requirements**”). The Company will seek shareholders’ approval to incorporate the Unmet Listing Rules Articles Requirements into its Articles at the First AGM to be convened before August 31, 2022.

Details of the Unmet Listing Rules Articles Requirements to be incorporated into the Company’s Articles are set out below:

### **To be approved by Class-based Resolution (defined below)**

- (1) Non-WVR (as defined under the Listing Rules) shareholders must be entitled to cast at least 10% of the votes that are eligible to be cast on resolutions at the listed issuer’s general meetings.

*Note 1:* Compliance with this rule means, for example, that an issuer cannot list with a WVR structure that attaches 100% of the right to vote at general meetings to the beneficiaries of weighted voting rights.

*Note 2:* A beneficiary of weighted voting rights must not take any action that would result in a non-compliance with this rule.

- (2) A listed issuer must not increase the proportion of shares that carry weighted voting rights above the proportion in issue at the time of listing.

*Note:* If the proportion of shares carrying weighted voting rights is reduced below the proportion in issue at the time of listing, this rule 8A.13 shall apply to the reduced proportion of shares carrying weighted voting rights (Rules 8A.09 and 8A.13 of the Listing Rules);

- (3) A listed issuer with a WVR structure may only allot, issue or grant shares carrying weighted voting rights with the prior approval of the Stock Exchange and pursuant to (1) an offer made to all the issuer's shareholders pro rata (apart from fractional entitlements) to their existing holdings; (2) a pro rata issue of shares to all the issuer's shareholders by way of scrip dividends; or (3) pursuant to a stock split or other capital reorganization provided that the Stock Exchange is satisfied that the proposed allotment or issuance will not result in an increase in the proportion of shares carrying weighted voting rights:
- (i) if, under a pro rata offer, beneficiaries of weighted voting rights do not take up any part of the shares carrying weighted voting rights (or rights to those shares) offered to them, those shares (or rights) not taken up could only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of ordinary shares; and
  - (ii) to the extent that rights in a listed issuer's shares not carrying weighted voting in a pro rata offer are not taken up in their entirety (e.g. in the case where the pro rata offering is not fully underwritten), the number of the listed issuer's shares carrying weighted voting rights that can be allotted, issued or granted must be reduced proportionately. (Rule 8A.14 of the Listing Rules);
- (4) If a listed issuer with a WVR structure reduces the number of its shares in issue (e.g. through a purchase of its own shares) the beneficiaries of weighted voting rights must reduce their weighted voting rights in the issuer proportionately (for example through conversion of a proportion of their shareholding with those rights into shares without those rights), if the reduction in the number of shares in issue would otherwise result in an increase in the proportion of the listed issuer's shares that carry weighted voting rights (Rule 8A.15 of the Listing Rules);
- (5) After listing, a listed issuer with a WVR structure must not change the terms of a class of its shares carrying weighted voting rights to increase the weighted voting rights attached to that class (Rule 8A.16 of the Listing Rules);
- Note:* If a listed issuer wishes to change the terms of a class of its shares carrying weighted voting rights to reduce those rights it may do so but must, in addition to complying with any requirements under law, first obtain the prior approval of the Stock Exchange and, if approval is granted, must announce the change.
- (6) The beneficiary's weighted voting rights in a listed issuer must cease if, at any time after listing, the beneficiary is:
- (i) deceased;
  - (ii) no longer a member of the issuer's board of directors;
  - (iii) deemed by the Stock Exchange to be incapacitated for the purpose of performing his or her duties as a director; or
  - (iv) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

The weighted voting rights attached to a beneficiary's shares must cease upon transfer to another person of the beneficial ownership of, or economic interest in those shares or the control over the voting rights attached to them (through voting proxies or otherwise). A limited partnership, trust, private company or other vehicle may hold shares carrying weighted voting rights on behalf of a beneficiary of weighted voting rights provided that such an arrangement does not result in a circumvention of rule 8A.18(1) The Stock Exchange would not consider a lien, pledge, charge or other encumbrance on shares carrying weighted voting rights to be a transfer for the purpose of rule 8A.18 on condition that this does not result in the transfer of the legal title or beneficial ownership of those shares or the voting rights attached to them (through voting proxies or otherwise). The Stock Exchange would consider a transfer to have occurred under rule 8A.18 if a beneficiary of weighted voting rights and a non-WVR shareholder(s) enter into any arrangement or understanding to the extent that this resulted in a transfer of weighted voting rights from the beneficiary of those weighted voting rights to the non-WVR shareholder (Rules 8A.17, 8A.18(1), 8A.18(2) and 8A.19 of the Listing Rules);

If a vehicle holding shares carrying weighted voting rights in a listed issuer on behalf of a beneficiary no longer complies with rule 8A.18(2), the beneficiary's weighted voting rights in the listed issuer must cease. The issuer and beneficiary must notify the Stock Exchange as soon as practicable with details of the non-compliance.

- (7) A listed issuer's WVR structure must cease when none of the beneficiaries of the weighted voting rights at the time of the issuer's initial listing have beneficial ownership of shares carrying weighted voting rights. (Rule 8A.22 of the Listing Rules);
- (8) Non-WVR shareholders and members holding a minority stake in the total number of issued Shares must be able to convene an extraordinary general meeting and add resolutions to the meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights on a one vote per share basis in the share capital of the listed issuer. (Rule 8A.23 and paragraph 14(5) of Appendix 3 of the Listing Rules);
- (9) Any weighted voting rights attached to any class of shares in a listed issuer must be disregarded and must not entitle the beneficiary to more than one vote per share on any resolution to approve the following matters:
  - (i) changes to the listed issuer's constitutional documents, however framed;
  - (ii) variation of rights attached to any class of shares;
  - (iii) the appointment or removal of any independent non-executive director;
  - (iv) the appointment or removal of auditors; and
  - (v) the voluntary winding-up of the listed issuer (Rule 8A.24 of the Listing Rules).

## **To be approved by Non-class-based Resolution (defined below)**

- (10) Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election (paragraph 4(2) of Appendix 3);
- (11) Where not otherwise provided by law, members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office. (paragraph 4(3) of Appendix 3);
- (12) An issuer must hold a general meeting for each financial year as its annual general meeting.

*Note:* Generally, an issuer must hold its annual general meeting within six months after the end of its financial year (paragraph 14(1) of Appendix 3);

- (13) An issuer must give its members reasonable written notice of its general meetings.

*Note:* “Reasonable written notice” normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time (paragraph 14(2) of Appendix 3);

- (14) Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

*Notes:*

1. An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.
  2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member’s right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this paragraph (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution) (paragraph 14(3) of Appendix 3);
- (15) Where any shareholder is, under these Exchange Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted (paragraph 14(4) of Appendix 3);

(16) A super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights.

*Notes:*

1. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favor of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.
2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the voting rights of the members who are present at the classified members' meeting and have voting rights to amend class rights as satisfying the threshold of a "super-majority" (paragraph 15 of Appendix 3);

(17) A super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed.

*Notes:*

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favor of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.
2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority" (paragraph 16 of Appendix 3);

(18) The appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors.

*Note:* An example of such an independent body is the supervisory board in systems that have a two tier board structure (paragraph 17 of Appendix 3);

(19) Every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorized officer (paragraph 18 of Appendix 3);

(20) That the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance (paragraph 20 of Appendix 3);



- (21) A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

*Notes:*

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favor of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.
  2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority" (paragraph 21 of Appendix 3);
- (22) The role of an independent non-executive director of a listed issuer with a WVR structure must include but is not limited to the functions described in Code provisions A.6.2, A.6.7 and A.6.8 of Appendix 14 to the Listing Rules:
- (i) participating in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
  - (ii) taking the lead where potential conflicts of interests arise;
  - (iii) serving on the audit, compensation, nomination and other governance committees, if invited; and
  - (iv) scrutinizing the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

Independent non-executive directors and other non-executive directors, as equal board members, shall give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of the shareholders; and

Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments (Rule 8A.26 of the Listing Rules).

- (23) Issuers with a WVR structure must establish a nomination committee that complies with Section A5 of Appendix 14 of the Listing Rules:
- (i) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;
  - (ii) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;



- (iii) assess the independence of independent non-executive directors; and
- (iv) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Stock Exchange's website and the issuer's website.

Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

- (i) the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;
  - (ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;
  - (iii) the perspectives, skills and experience that the individual can bring to the board; and
  - (iv) how the individual contributes to diversity of the board (Rule 8A.27 of the Listing Rules);
- (24) The nomination committee established under rule 8A.27 must be chaired by an independent non-executive director. (Rules 8A.28 of the Listing Rules);
- (25) The independent non-executive directors of an issuer with a WVR structure must be subject to retirement by rotation at least once every three years. Independent non-executive directors are eligible for re-appointment at the end of the three year term (Rule 8A.29 of the Listing Rules);
- (26) An issuer with a WVR structure must establish a Corporate Governance Committee with at least the terms of reference set out in Code Provision D.3.1 of Appendix 14 to the Listing Rules, and the following additional terms:
- (i) develop and review the issuer's policies and practices on corporate governance and make recommendations to the board;
  - (ii) review and monitor the training and continuous professional development of directors and senior management;
  - (iii) review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

- (iv) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
  - (v) review the Company's compliance with the code and disclosure in the Corporate Governance Report (as defined in the Listing Rules);
  - (vi) to review and monitor whether the Company is operated and managed for the benefit of all of its shareholders;
  - (vii) to confirm, on an annual basis, that beneficiaries of weighted voting rights have been members of the listed issuer's board of directors throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;
  - (viii) to confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;
  - (ix) to review and monitor the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or shareholders of the issuer (considered as a group) on the one hand and any beneficiary of weighted voting rights on the other;
  - (x) to review and monitor all risks related to the issuer's WVR structure, including connected transactions between the issuer and/or a subsidiary of the issuer on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the board on any such transaction;
  - (xi) to make a recommendation to the board as to the appointment or removal of the Compliance Adviser (as defined under the Listing Rules);
  - (xii) to seek to ensure effective and on-going communication between the issuer and its shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;
  - (xiii) to report on the work of the nominating and Corporate Governance Committee on at least a half-yearly and annual basis covering all areas of its terms of reference; and
  - (xiv) to disclose, on a comply or explain basis, its recommendations to the board in respect of matters in sub-paragraphs (ix) to (xi) above in the report referred to in sub-paragraph (xiii) above (Rule 8A.30 of the Listing Rules);
- (27) The Corporate Governance Committee must be comprised entirely of independent non-executive directors, one of whom must act as the chairman (Rule 8A.31 of the Listing Rules);

- (28) The Corporate Governance Report produced by a listed issuer with a WVR structure to comply with Appendix 14 of the Listing Rules must include a summary of the work of the Corporate Governance Committee, with regards to its terms of reference, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible (Rule 8A.32 of the Listing Rules);
- (29) Rule 3A.19 is modified to require an issuer with a WVR structure to appoint a Compliance Adviser on a permanent basis commencing on the date of the issuer's initial listing (Rule 8A.33 of the Listing Rules);
- (30) An issuer must consult with, and if necessary, seek advice from its Compliance Adviser, on a timely and ongoing basis in the circumstances set out in rule 3A.23 and also on any matters related to:
- (i) the WVR structure;
  - (ii) transactions in which any beneficiary of weighted voting rights in the issuer has an interest; and
  - (iii) where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or holders of the issuer (considered as a group) on the one hand and any beneficiary of weighted voting rights in the issuer on the other (Rule 8A.34 of the Listing Rules);
- (31) An issuer with a WVR structure must comply with Section E "Communication with Shareholders" of Appendix 14 of the Listing Rules (Rule 8A.35 of the Listing Rules);
- (32) An issuer with a WVR structure must include the warning "A company controlled through weighted voting rights" on the front page of all its listing documents, periodic financial reports, circulars, notifications and announcements required by the Listing Rules, and describe its WVR structure, the issuer's rationale of such structure and the associated risks for the members prominently in its listing documents and periodic financial reports. This warning statement shall inform prospective investors of the potential risks of investing in an issuer with a WVR structure and that they should make the decision to invest only after due and careful consideration (Rule 8A.37 of the Listing Rules);
- (33) The documents of or evidencing title for the listed equity securities of an issuer with a WVR structure must prominently include the warning "A company controlled through weighted voting rights" (Rule 8A.38 of the Listing Rules);

- (34) An issuer with a WVR structure must disclose in its listing documents and its interim and annual reports:
- (i) identify the beneficiaries of weighted voting rights (Rule 8A.39 of the Listing Rules);
  - (ii) disclose the impact of a potential conversion of WVR shares into ordinary shares on its share capital (Rule 8A.40 of the Listing Rules); and
  - (iii) disclose all circumstances in which the weighted voting rights attached to the Class B Ordinary Shares shall cease (Rule 8A.41 of the Listing Rules).

To further enhance its shareholder protection measures, the Company will at the First AGM propose to its shareholders the following amendments to its existing Articles: (a) lowering the quorum of general meeting (which is not a class meeting) from one-third of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company as currently provided for under article 66 in the Company's Articles to 10% of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company (on a one vote per share basis) (the "**Quorum Requirement**"); (b) where a general meeting is postponed by the directors pursuant to article 72 of the existing Articles, requiring such meeting to be postponed to a specific date, time and place (the "**GM Postponement Requirement**"); and (c) removing the Directors' discretion to, for the purpose of variation of rights attached to any class of shares, treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration under article 18 of the existing Articles, as well as the Directors' powers to authorize the division of Shares into any number of classes and to determine the relative rights and obligations as between the different classes and to issue such shares with preferred or other rights that may be greater than the rights of the Class A Ordinary Shares under article 9 of the existing Articles as well as making the Directors' powers to issue preferred shares under article 9 of the existing Articles to be subject to the Articles, compliance with the Listing Rules and the Takeovers Code and the conditions that (x) no new class of shares with voting rights superior to those of Class A Ordinary Shares will be created and (y) any variations in the relative rights as between the different classes will not result in creating new class of shares with voting rights superior to those of Class A Ordinary Shares ("**Amendment of Directors' Class Right Related Powers**", together with the Unmet Listing Rules Articles Requirements, the Quorum Requirement, and the GM Postponement Requirement, the "**Unmet Articles Requirements**").

At the First AGM, the Company will also propose amendments to the existing Articles to clarify that (i) the Company, its shareholders, directors and officers agree to submit to the jurisdiction of the courts of the Cayman Islands and Hong Kong, to the exclusion of other jurisdictions, for any derivative action or proceeding brought on behalf of the Company, any action asserting a claim of breach of a fiduciary duty owed by any Director, officer, or other employee of the Company to the Company or the shareholders, any action asserting a claim arising pursuant to any provision of the Companies Act or the Articles, or any action asserting a claim against the Company which if brought in the United States would be a claim arising under the internal affairs doctrine; and (ii) the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company (the "**Forum Selection Clarification**").

As advised by the Company's legal advisor as to Cayman Islands laws, the incorporation of the following Unmet Articles Requirements will require approvals of both holders of Class B Ordinary Shares and holders of Class A Ordinary Shares in separate class meetings at the First AGM in accordance with the Company's existing Articles because these requirements would materially adversely vary the rights attached to Class B Ordinary Shares and Class A Ordinary Shares respectively: Rules 8A.09, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18(1), 8A.18(2), 8A.19, 8A.22, 8A.23 and 8A.24 of the Listing Rules – a resolution to incorporate these Unmet Articles Requirements (the “**Class-based Resolution**”) will need to be approved at the separate class meetings of holders of Class B Ordinary Shares (the “**Class B Meeting**”) and of Class A Ordinary Shares (the “**Class A Meeting**”). The quorum for the Class B Meeting or Class A Meeting shall be one or more persons holding or representing by proxy at least one-third in nominal or par value amount of the respective issued Class B Ordinary Shares or Class A Ordinary Shares, respectively, in accordance with article 18 of the Company's existing Articles. The Class-based Resolution requires approval by an ordinary resolution passed by a simple majority of both holders of Class A ordinary shares and holders of Class B ordinary shares, voting in person or by proxy at a Class A Meeting and Class B Meeting, separately pursuant to article 18 of the Company's existing Articles.

If the Class-based Resolution is passed at both the Class B Meeting and Class A Meeting, at the full shareholders' meeting where all shareholders may vote as a single class (the “**Full Shareholders' Meeting**”), the shareholders will be asked to vote on the Class-based Resolution and another resolution to incorporate into the Company's Articles the Unmet Articles Requirements not covered by the Class-based Resolution and the Forum Selection Clarification (the “**Non-class-based Resolution**”). The quorum for the Full Shareholders' Meeting will be members holding Shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all Shares in issue and entitled to vote present in person or by proxy, or, if a corporate or other non-natural person, by its duly authorized representative, pursuant to article 66 of the Company's existing Articles. At the Full Shareholders' Meeting, each of the Class-based Resolution and the Non-class-based Resolution will require approval by not less than two-thirds of the votes cast by such shareholders as, being entitled to do so, votes in person or by proxy or, in the case of corporations, by their duly authorized representatives, in accordance with article 160 of the Company's existing Articles.

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

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

- (1) at the First AGM, the Company will put forth: (i) the Class-based Resolution at the Class B Meeting and the Class A Meeting; and (ii) the Class-based Resolution (if adopted at the Class B Meeting and Class A Meeting) and the Non-class-based Resolution at the Full Shareholders' Meeting (together, the “**Proposed Resolutions**”) to amend its Articles to comply with the Unmet Articles Requirements;
- (2) the WVR Beneficiary will, prior to the Listing, irrevocably undertake to the Company and the Stock Exchange to be present at the First AGM (whether in person or by proxy) and at any general meeting that may be convened after the Listing and until all the Proposed Resolutions are approved by the shareholders, and to vote in favor of the Proposed Resolutions;

- (3) if any of the Proposed Resolutions are not passed at the First AGM, until they are all approved by the shareholders, the Company will irrevocably undertake to the Stock Exchange to put forth the Proposed Resolutions that have not been passed at each subsequent annual general meeting. The WVR Beneficiary will, prior to the Listing, irrevocably undertake to the Company to continue to be present (whether in person or by proxy) and vote in favor of the Proposed Resolutions at each subsequent general meeting at which the Company puts forth such Proposed Resolutions until all Proposed Resolutions are approved by the shareholders. The WVR Beneficiary will further undertake to the Company to be present at any general meeting after the Listing until all Proposed Resolutions are approved by shareholders;
- (4) each of Mr. Dahai Li, Mr. Wei Sun (together, the “**Undertaking Shareholders**”) will, prior to the Listing, irrevocably undertake to the Company to, and if any Class A Ordinary Share or ADS is held by intermediaries held or controlled by him, procure such intermediaries to, be present at the Class A Meeting and the Full Shareholders’ Meeting (whether in person or by proxy) and to vote in favor of the Proposed Resolutions and that, if any of the Proposed Resolutions are not passed at the First AGM, until they are all approved, he or the said intermediaries will continue to attend (whether in person or by proxy) each subsequent class meeting of the holders of the Class A Ordinary Shares and general meeting at which the Company puts forth the Proposed Resolutions and vote in favor of such Proposed Resolutions;
- (5) the Company will issue a press release announcing its support publicly for the Proposed Resolutions each year after the Proposed Listing until all the Proposed Resolutions are adopted;
- (6) the Company, the WVR Beneficiary and each of the other Directors in their individual capacity as a Director of the Company will, prior to the Proposed Listing, irrevocably undertake to the Stock Exchange that it will comply with the Unmet Listing Rules Articles Requirements, the GM Postponement Requirement, the Amendment of Directors’ Class Right Related Powers and the Forum Selection Clarification in full (the “**Undertaking for Interim Compliance**”) upon the Proposed Listing and before its existing Articles are formally amended to incorporate the Unmet Articles Requirements, except for:
- paragraph 15 of Appendix 3 such that, prior to the Company’s Articles being amended, the threshold for passing a resolution in a separate class meeting will be approval by a simple majority of the votes cast by the issued shares of that class pursuant to article 18 of the Company’s existing Articles;
  - paragraph 16 of Appendix 3 such that, prior to the Company’s Articles being amended, the threshold for passing a special resolution for amendments to the Company’s existing Articles will be approval by members holding not less than two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 160 of the Company’s existing Articles; and
  - Rules 8A.24(1) and (2) such that, prior to the Company’s Articles being amended, weighted voting rights will apply in connection with passing the Proposed Resolutions.



For the avoidance of doubt, the above exceptions are only applicable to the passing of the Proposed Resolutions, and the Company shall irrevocably undertake to the Stock Exchange to comply with paragraphs 15 and 16 of Appendix 3 and Rules 8A.24(1) and (2) for passing any resolution at a separate class meeting and any special resolution after the Listing (other than the Proposed Resolutions) under the Undertaking for Interim Compliance, and if any of the Class-based Resolution is not passed at the First AGM, the Undertaking for Interim Compliance will remain valid until the Class-based Resolution is passed;

- (7) the WVR Beneficiary will, prior to the Listing, irrevocably undertake to the Company and the Stock Exchange that:
- (i) he will procure the Company to give effect to the Undertaking for Interim Compliance upon the Listing and before its existing Articles are formally amended;
  - (ii) in the event any Class B Ordinary Share is to be transferred to a founder affiliate (as defined in the existing Articles) of the WVR Beneficiary that is not a director holding vehicle after the Listing but before the existing Articles are formally amended, it will convert such Class B Ordinary Shares into Class A Ordinary Shares by delivering a written notice to the Company in accordance with the existing Articles and only transfer the resultant Class A Ordinary Shares to such Affiliate;
  - (iii) after the Listing but before the existing Articles are formally amended, he will not effect any change in his holding structure of any Class B Ordinary Shares unless and until the Stock Exchange has approved such change; and
  - (iv) he will procure MO Holding Ltd to, prior to the Listing, deliver a written conversion notice to the Company in accordance with article 13 of the existing Articles that (a) all of the Class B Ordinary Shares it holds shall be converted to Class A Ordinary Shares on a one-for-one basis immediately upon any event listed in Rule 8A.17 of the Listing Rules occurring after the Listing and before the existing Articles are formally amended, and (b) to the extent there is any voluntary or involuntary transfer of legal title to or beneficial ownership of any Class B Ordinary Shares (e.g. upon or as a result of foreclosure of share pledge) to an entity that is not a director holding vehicle after the Listing and before the existing Articles are formally amended, the Class B Ordinary Shares subject to the transfer shall be converted to Class A Ordinary Shares on a one-for-one basis; such conversion notice shall expire immediately upon the existing Articles are formally amended.

A director holding vehicle, for the purpose of the above paragraph, means (a) a partnership of which the WVR Beneficiary is a partner and the terms of which must expressly specify that the voting rights attached to any and all of the Class B Ordinary Shares held by such partnership are solely dictated by the WVR Beneficiary; (b) a trust of which the WVR Beneficiary is a beneficiary and that meets the following conditions: (i) the WVR Beneficiary must in substance retain an element of control of the trust and any immediate holding companies of, or, if not permitted in the relevant tax jurisdiction, retain a beneficial interest in any and all of the Class B Ordinary Shares held by such trust; and (ii) the purpose of the trust must be for estate planning and/or tax planning purposes; or (c) a private company or other vehicle wholly-owned and wholly controlled by the WVR Beneficiary or by a trust referred to in paragraph (b) above;



- (8) if any holders of any ADSs fail to give valid or timely voting instructions to the Depository with respect of the Proposed Resolutions, the Company will exercise any discretionary proxy it may have under the deposit agreement for the ADSs to vote the underlying Ordinary Class A Shares represented by such ADSs in favor of the Proposed Resolutions at any general meetings; and
- (9) the Company remains listed on the NYSE.

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

The WVR Beneficiary acknowledged and agreed that our Shareholders may rely on the WVR Beneficiary's undertakings described in paragraphs (2), (3) and (7) above (the "**WVR Beneficiary's Articles Undertaking**") in acquiring and holding their Shares and that such undertakings are intended to confer a benefit on the Company and all existing and future Shareholders and may be enforced by the Company and/or any such Shareholder against the WVR Beneficiary.

The WVR Beneficiary's Articles Undertaking shall automatically terminate upon the earliest of (i) the proposed amendments to the existing Articles described in this sub-section headed "Waivers and Exemptions – Requirements relating to the Articles of Association of the Company" have become effective, (ii) the date of delisting of the Company from the Stock Exchange; and (iii) the date on which the WVR Beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the Beneficiary's Articles Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or the WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the WVR Beneficiary's Articles Undertaking which existed at or before the date of termination. The WVR Beneficiary's Articles Undertaking shall be governed by the laws of the Hong Kong and all matters, claims or disputes arising out of the WVR Beneficiary's Articles Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

The WVR Beneficiary will, immediately upon the Listing, beneficially own 19,227,592 Class B Ordinary Shares and 17,626,986 Class A Ordinary Shares, representing in aggregate (a) 5.92% of the total voting rights of the Class A Ordinary Shares voting as a separate class, (b) 100% of the total voting rights of the Class B Ordinary Shares voting as a separate class, and (c) approximately 42.86% of the voting rights in the Company (on weighted voting rights basis). The Depository will, immediately upon the Listing, hold 62,023,387 Class A Ordinary Shares underlying ADSs (excluding those underlying the ADSs held by the Undertaking Shareholders), representing (x) 20.77% of the total voting rights of the Class A Ordinary Shares voting as a separate class and (y) approximately 12.62% of the voting rights in the Company (on weighted voting rights basis). The Undertaking Shareholders will, immediately upon the Listing, hold 6,283,357 Class A Ordinary Shares (including those underlying the ADSs they held), representing (x) 2.11% of the total voting rights of the Class A Ordinary Shares voting as a separate class and (y) approximately 1.28% of the voting rights in the Company (on weighted voting rights basis).

Accordingly, the undertakings of the WVR Beneficiary and the Undertaking Shareholders to be present at the First AGM (whether in person or by proxy) as well as the Company's undertaking to exercise any discretionary proxy it may have under the deposit agreement to vote the underlying Ordinary Class A Shares of the relevant ADSs in favor of the Proposed Resolutions at any general meeting will be able to ensure a quorum at the Class B Meeting and the Full Shareholders' Meeting and that the Class-based Resolutions will be approved at the Class B Meeting. However, despite the said undertakings, there is no guarantee that there will be a quorum at the Class A Meeting, that the Class-based Resolution will be passed at the Class A Meeting or that the Non-class-based Resolutions will be passed at the Full Shareholders' Meeting. As the Company has not, since its listing on the NYSE, held a general meeting, it is uncertain as to whether the Class-based Resolution will be approved with sufficient support from the Company's shareholders at the Class A Meeting. However, as the proposed amendments to the Articles are for the purposes of enhancing shareholder protection and compliance with the Listing Rules, the Directors do not anticipate the Proposed Resolutions would face any substantive objection from the Shareholders or any significant risk of not being passed at the First AGM.

For the avoidance of doubt, even though article 18 of the existing Articles provides that the rights attached to any such class of Shares may, subject to any rights or restrictions for the time being attached to any class of Shares, only be materially adversely varied either (a) with the consent in writing of the holders of all of the issued Shares of that class or (b) with the sanction of an ordinary resolution passed at a separate meeting of the holders of the Shares of that class, the Company expects to adopt the approach in (b) rather than in (a) to seek the relevant shareholders' approval for the Class-based Resolutions at a general meeting. Also, even though under the existing Articles a special resolution can be (x) passed by not less than two-thirds of the votes cast by such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy, or, in the case of corporations, by their duly authorized representatives, at a general meeting of the Company, or (y) approved in writing by all of the shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the shareholders, the Company expects to adopt the approach in (x) rather than in (y) to seek the shareholders' approval for the Class-based Resolution and the Non-class-based Resolution at a general meeting. This is because, as a public company, it would involve heavy administrative work for the Company and will be practically impossible for the Company to collect written consents from a sufficiently large number of its public shareholders.

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

In the event of any failure to adhere to the requirements of Chapter 8A of the Listing Rules as determined by the Stock Exchange, the Stock Exchange may, as it considers necessary for the protection of the investors or the maintenance of an orderly market and in addition to any other action that the Stock Exchange considers appropriate under the Listing Rules, exercise absolute discretion to:

- (a) direct a trading halt or suspend dealings of any securities of the Company or cancel the listing of any securities of the Company as set out in Rule 6.01 of the Listing Rules;

- (b) impose the disciplinary sanctions set out in Rule 2A.09 of the Listing Rules against the parties set out in Rule 2A.10 of the Listing Rules;
- (c) withhold (a) approval for an application for the listing of securities; and/or (b) clearance for the issuance of a circular to the Company's shareholders unless and until all necessary steps have been taken to address the non-compliance as directed by the Stock Exchange to its satisfaction.

## **DEALINGS IN SHARES PRIOR TO LISTING**

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

The Company had over 40 subsidiaries and Consolidated Affiliated Entities as of the Latest Practicable Date, and its ADSs are widely held, publicly traded and listed on the NYSE. The Company considers that it is therefore not in a position to control the investment decisions of its shareholders or the investing public in the U.S.

Solely based on public filings with the SEC as of the Latest Practicable Date, other than Mr. Zhou (the Company's Controlling Shareholder and an executive Director), holding Shares of the Company through an intermediary company, there were no shareholders who controlled more than 10% of the voting rights of the Company.

For a company whose securities are listed and traded in the U.S., the Company notes that it is a common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act (the "**Rule 10b5-1 Plan(s)**") 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.

On the basis of the above, the Company considers that the following categories of persons (collectively, the "**Permitted Persons**") should not be subject to the dealing restrictions set out in Rule 9.09(b) of the Hong Kong Listing Rules:

- (a) Mr. Zhou, in respect of (i) dealings by him and close associates pursuant to any Rule 10b5-1 Plans that have been set up prior to the Relevant Period ("**Category 1**"), and (ii) use of his Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period. As of the Latest Practicable Date, none of the Shares beneficially owned by Mr. Zhou were used as security;

- (b) the Company's Directors other than Mr. Zhou, and the directors and chief executives of its four significant subsidiaries and Consolidated Affiliated Entities (that is, subsidiaries and Consolidated Affiliated Entities that are not "insignificant subsidiaries" as defined under the Listing Rules, "**Significant Subsidiaries**"), in respect of (i) their respective use of the Shares as security (including, for the avoidance of doubt, using their respective shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) their respective dealings pursuant to Rule 10b5-1 Plans that have been set up prior to the Relevant Period ("**Category 2**");
- (c) directors, chief executives and substantial shareholders of the Company's insignificant subsidiaries (as defined under the Listing Rules) and their close associates ("**Category 3**"); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become the Company's substantial shareholder and who is not its director or chief executive, or a director or chief executive of the Company's subsidiaries 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 Hong Kong Listing Rules; and
- (b) persons in Category 1 and Category 2 who (i) use their respective Shares other than as described in this section headed "Dealings in Shares prior to Listing" or (ii) who are not dealing in the Company's securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.

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

- (a) Categories 1 and 2 of the Permitted Persons who entered into Rule 10b5-1 Plans have no discretion over dealings in the Company's ADSs after the plans have been entered into. Where Category 2 of the Permitted Persons use the Shares as security, other than those set out in the waiver above, there will be no change in the beneficial ownership of the Shares at the time of entering into the relevant transactions during the Relevant Period;

- (b) Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any non-public inside information of the Company given that such persons are not in a position with access to information that is considered material to the Company taken as a whole. Given the large number of the Company's subsidiaries and Consolidated Affiliated Entities and its vast ADS holder base, the Company and its management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in its ADSs;
- (c) the Company will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which the Company is aware and will not have any influence over the Global Offering;
- (d) the Company will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when it becomes aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (e) prior to the Listing Date, other than within the permitted scopes set out above, the Company's directors and chief executive and the directors and chief executives of its Significant Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under the Group's share incentive plans.

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

## **SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS**

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

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

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

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



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

The Company has been listed on the NYSE since March 2021 and has a wide and diverse shareholder base. There is a robust level of trade in the Company's securities, with significant daily trading volume resulting in daily changes to its existing shareholders. The Company is not in a position to prevent any person or entity from acquiring its listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for the Company to seek the prior consent of the Hong Kong Stock Exchange for each of its existing shareholders or their close associates who subscribe for Offer Shares in the Global Offering.

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

Solely based on public filings with the SEC available as of the Latest Practicable Date, other than Tencent (holding Shares through Dandelion Investment Limited, Image Frame Investment (HK) Limited and Sogou Technology Hong Kong Limited, its subsidiaries), the Innovation Works entities (including Innovation Works Development Fund, L.P. and Innovation Works Holdings Limited) and the Qiming entities (including Qiming Venture Partners III, L.P., Qiming Venture Partners III Annex Fund, L.P. and Qiming Managing Directors Fund III, L.P.), the Company had no shareholder who was not a director and who controlled 5% or more of the Company's voting rights.

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

- (a) each Permitted Existing Shareholder is interested in less than 5% of the Company's voting rights immediately before the Listing;
- (b) each Permitted Existing Shareholder is neither a director nor member of the senior management of the Company or its subsidiaries and Consolidated Affiliated Entities or any of their close associates;
- (c) the Permitted Existing Shareholders do not have the power to appoint directors of, or any other special rights in, the Company;
- (d) the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and places in the Global Offering;

- (e) the Permitted Existing Shareholders will be subject to the same book-building and allocation process as other investors in the Global Offering;
- (f) no preferential treatment will be given to the Permitted Existing Shareholders in the allocation process by virtue of their relationship with the Company. Each of the Company, the Joint Bookrunners and the Joint Sponsors (based on its discussions with the Company, the Joint Bookrunners and the Joint Sponsors and the confirmations required to be submitted to the Stock Exchange by the Company, the Joint Bookrunners and the Joint Sponsors), will or have confirmed to the Stock Exchange in writing that, to the best of its knowledge and belief, that no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders as a placee in the International Offering by virtue of their relationship with the Company; and
- (g) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

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

Allocation to the Permitted Existing Shareholders will not be disclosed in the Company's allotment results announcement (other than to the extent that such Permitted Existing Shareholders subscribe for shares as cornerstone investors) unless such Permitted Existing Shareholders are interested in 5% or more of the issued share capital of the Company after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for the Company to disclose such information given that there is no requirement to disclose interests in equity securities under the U.S. Exchange Act unless the beneficial ownership of such person (including directors and officers of the company concerned) reaches more than 5% of equity securities registered under Section 12 of the U.S. Exchange Act. For the avoidance of doubt, details of allocation to cornerstone investors, if any, will be disclosed in the Prospectus of the Company dated April 11, 2022 (the "**Prospectus**") and the allotment results announcement and details of allocation to placees who are connected clients (as defined in the Placing Guidelines for Equity Securities set out in Appendix 6 of the Listing Rules), if any, will be disclosed in the allotment results announcement.

## **WAIVER AND EXEMPTION IN RELATION TO THE SHARE INCENTIVE PLANS**

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by the Company (the "**Share Option Disclosure Requirements**"):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in the Prospectus. The Company is also required to disclose in the Prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.
- (b) Paragraph 27 of Appendix 1A to the Listing Rules requires the Company to set out in the Prospectus particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.



- (c) Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the Prospectus.

As of the Latest Practicable Date, our Company had granted outstanding options under the 2012 Plan (the “**Relevant Plan**”) to 321 grantees to subscribe for an aggregate of 9,116,753 Class A Ordinary Shares, representing approximately 2.88% of the issued and outstanding Shares immediately following the completion of the Global Offering. All of the grantees are employees of our Group who are not Directors, members of senior management or connected persons of the Company. No further options will be granted pursuant to the Relevant Plan between the Latest Practicable Date and the Listing. For further details of our Share Incentive Plans, see the section headed “Statutory and general information – Share Incentive Plans” in Appendix IV to the Prospectus.

We have applied to (i) 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 and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in the Prospectus on the ground that the waiver and the exemption 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, among others:

- (a) as of the Latest Practicable Date, we had granted outstanding options to a total of 321 grantees under the Relevant Plan to acquire an aggregate of 9,116,753 Class A Ordinary Shares, representing approximately 2.88% of the total number of Shares in issue immediately after completion of the Global Offering. The grantees under the Relevant Plan are employees of our Group and are not Directors, members of senior management or connected persons of our Company;
- (b) our Directors consider that it would be unduly burdensome to disclose in the Prospectus full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and prospectus preparation for strict compliance with such disclosure requirements. For example, we would need to collect and verify the addresses of over three hundred grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;

- (c) material information on the options has been disclosed in the Prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
- (i) a summary of the latest terms of the Relevant Plan;
  - (ii) the aggregate number of Class A Ordinary Shares subject to the options and the percentage of our Shares of which such number represents;
  - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the Share Incentive Plans);
  - (iv) full details of the options granted to Directors and members of the senior management and connected persons of our Company, on an individual basis, are disclosed in the Prospectus, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;
  - (v) in respect of the share options granted under the Relevant Plan to the other grantees, other than those referred to in paragraph (iv) above, by bands of (x) options to subscribe for more than 400,000 Class A Ordinary Shares, (y) options to subscribe for 200,001 to 400,000 Class A Ordinary Shares, and (z) options to subscribe for 1 to 200,000 Class A Ordinary Shares, the following details, including (A) the aggregate number of the grantees and the number of Shares subject to such option; (B) the consideration paid for the grant of such options; and (C) the exercise period and the exercise price for such options; and
  - (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively;

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

- (d) the 321 grantees who are not Directors, members of the senior management or connected persons of the Company, have been granted options under the Relevant Plan to acquire an aggregate of 9,116,753 Class A Ordinary Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;
- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group. Strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of over three hundred grantees without reflecting the materiality of the information does not provide any additional meaningful information to 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 and paragraph 10 of Part I of the Third Schedule will be made available for physical public inspection in accordance with “Documents delivered to the Registrar of Companies in Hong Kong and on Display – Documents available for inspection” in Appendix V of the Prospectus.

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

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

- (a) on an individual basis, full details of the options granted under the Relevant Plan to each of the Directors and the senior management and connected persons of the Company, will be disclosed in the section headed “Statutory and General Information – Share Incentive Plans” in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the share options granted under the Relevant Plan to the other grantees, other than those referred to in paragraph (a) above, by bands of (x) options to subscribe for more than 400,000 Class A Ordinary Shares, (y) options to subscribe for 200,001 to 400,000 Class A Ordinary Shares, and (z) options to subscribe for 1 to 200,000 Class A Ordinary Shares, the following details, including (A) the aggregate number of the grantees and the number of Shares subject to such option; (B) the consideration paid for the grant of such options; and (C) the exercise period and the exercise price for such options will be disclosed in the Prospectus;
- (c) the aggregate number of Class A Ordinary Shares underlying the outstanding options granted under the Relevant Plan and the percentage of the Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in the Prospectus;
- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the Relevant Plan will be disclosed in the section headed “Statutory and General Information – Share Incentive Plans” in Appendix IV;
- (e) a summary of the major terms of the Relevant Plan will be disclosed in the section headed “Statutory and General Information – Share Incentive Plans” in Appendix IV;
- (f) the particulars of this waiver will be disclosed in the Prospectus;

- (g) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection in accordance with “Documents delivered to the Registrar of Companies in Hong Kong and on Display – Documents available for inspection” in Appendix V of the Prospectus; and
- (h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has granted to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options granted under the Relevant Plan exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) full details of the options under the Relevant Plan to each of the Directors and the senior management and connected persons of the Company will be disclosed in the section headed “Statutory and General Information – Share Incentive Plans” in Appendix IV as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the share options granted under the Relevant Plan to the other grantees, other than those referred to in paragraph (a) above, by bands of (x) options to subscribe for more than 400,000 Class A Ordinary Shares, (y) options to subscribe for 200,001 to 400,000 Class A Ordinary Shares, and (z) options to subscribe for 1 to 200,000 Class A Ordinary Shares, the following details, including (A) the aggregate number of the grantees and the number of Shares subject to such option; (B) the consideration paid for the grant of such options; and (C) the exercise period and the exercise price for such options will be disclosed in the Prospectus;
- (c) a full list of all the grantees (including the persons referred to in (a) above) who have been granted options to subscribe for shares under the Relevant Plan, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for physical public inspection in accordance with “Documents delivered to the Registrar of Companies in Hong Kong and on Display – Documents available for inspection” in Appendix V of the Prospectus; and
- (d) the particulars of this exemption will be disclosed in the Prospectus and that the Prospectus will be issued on or before April 11, 2022.

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

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

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

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

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

As a company listed on the NYSE, 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 accountings standards used for disclosures in both markets will alleviate any such confusion.



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

- (a) the Company will include (i) a description of the relevant key differences between U.S. GAAP and IFRS; and (ii) a statement showing the financial effect of any material differences between the financial statements during the Track Record Period prepared using U.S. GAAP and IFRS (“**Reconciliation Statement**”) in the 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 accountant's report;
- (b) the Company will include a similar Reconciliation Statement mentioned in paragraph (a) above for its interim and annual reports issued after its Listing on the Stock Exchange; such Reconciliation Statements will be included as a note to the audited financial statements in the annual reports or reviewed financial statements in the interim reports. When the relevant financial statements are not audited or reviewed by auditors, the Reconciliation Statements required to be included as a note to such financial statements will be reviewed by its auditor in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000;
- (c) the Company will comply with Rules 4.08, 19.12, 19.14 and 19.25A of the Listing Rules and paragraphs 30-33 of GL111-22;
- (d) the Company will use Hong Kong Financial Reporting Standards or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed in the U.S. or has no obligation to make financial disclosure in the U.S.; and
- (e) this waiver request will not be applied generally and is based on the specific circumstances of the Company.

#### **LAYING 2021 ANNUAL FINANCIAL STATEMENTS BEFORE MEMBERS AT AN ANNUAL GENERAL MEETING WITHIN SIX MONTHS AFTER THE END OF FINANCIAL YEAR**

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

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

The Company was incorporated in the Cayman Islands and is primary listed on NYSE, and accordingly, the Company is an issuer with significant interests outside of Hong Kong.

The upcoming general meeting will be the first time that the Company will hold an annual general meeting (the “**First AGM**”) after its dual primary listing in Hong Kong and the Company expects to hold the First AGM by no later than August 31, 2022.

The First AGM will be the first time that the Company will hold a general meeting after the Listing and the first time that it needs to attend to a shareholder base in a different geography. The Company has not historically held any general meeting with shareholders in either the U.S. or Hong Kong. The procedure for convening the Company’s first AGM as a company with a dual listing in the U.S. and Hong Kong is burdensome and requires global coordination among various parties, including, amongst others, the principal and Hong Kong Share Registrars of the Company, the ADS depositary bank and Hong Kong Securities Clearing Company Limited. This procedure would require the Company (a public company primarily listed in the U.S. with a highly fragmented and diverse shareholder base), with the help of its ADS depositary bank, to gather the mailing details of all the securities holders, prepare and print the AGM notice and proxy forms, and mail physical copies to, and collect vote cards from, securities holders and ADS holders. Typically, this will take more than two months for the Company (and the relevant parties) to organize, including complying with various timing requirements in the U.S. (such as notifying the NYSE and the ADS depositary bank of the record date and there typically being at least 30 days between record date for a general meeting) and Hong Kong (such as giving at least 21 days’ notice to shareholders in accordance with the Company’s Undertaking for Interim Compliance described in the section headed “—Requirements Relating to the Articles of Association of the Company” described above). Since this would be the Company’s first time convening a general meeting with both U.S. and Hong Kong shareholders following the Listing, and the Company would also need to put forth resolutions to amend its Articles, additional time, manpower and costs will have to be budgeted to take into account novel issues arising from the Company and the various parties involved. The Company would face great difficulty if it were to convene an AGM within the period specified under Rule 13.46(2)(b) of the Hong Kong Listing Rules.

Furthermore, the Company has included in the Prospectus the audited financial information for the year ended December 31, 2021 and other financial disclosure. Upon the Listing, the Company will therefore have provided its shareholders with all of the information required under Rule 13.46(2) (b) of the Hong Kong Listing Rules as early as in April 2022. Accordingly, the laying of annual accounts for the fiscal year ended December 31, 2021 at an AGM within six months after the end of the financial year, that is, on or before June 30, 2022, as required under Rule 13.46(2)(b) of the Hong Kong Listing Rules, would not provide shareholders and potential investors with additional material information not already contained in the annual report. Given that all the information required under Rule 13.46(2) shall be included in the Prospectus, which will be made available to its existing shareholders and potential investors, the Company’s shareholders would not be unfairly prejudiced by the Company laying its annual financial accounts in an AGM not within six months from the end of the fiscal year ended December 31, 2021.

The Company expects to hold its First AGM for 2021 no later than August 31, 2022. For completeness, the Company expects to hold an annual general meeting within six months after the end of its financial year beginning with the annual general meeting for 2022.



Section 302 of the NYSE Listed Company Manual requires that each company listing common stock or voting preferred stock and their equivalents are required to hold an annual shareholders' meeting for the holders of such securities during each fiscal year. There is no requirement under the NYSE rules to hold an AGM within the period of six months after the end of financial year or accounting reference period to which the annual financial statements relate. Section 401.02 requires a minimum of ten days' notice prior to the record date of the annual shareholders' meeting. Section 401.03 recommends a minimum of 30 days between the record date and the meeting date to allow time for solicitation of proxies.

The Company's Cayman Islands counsel confirmed that (a) the Cayman Companies Act does not require the Company to follow or comply with the requirement under the Hong Kong Listing Rules to hold an AGM by June 30, 2022 to lay before members annual financial statements for the financial year ended December 31, 2021; and (b) the Company's not holding an AGM by June 30, 2022 will not breach any law, public rule or regulation applicable to the Company currently in force in the Cayman Islands and the Articles. On the basis of the above, the Company confirms that, having consulted its legal advisers, not holding an annual general meeting by the Company before June 30, 2022 does not contravene the relevant requirements under the NYSE rules, U.S. securities laws, laws of the Cayman Islands or the Company's Articles.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.46(2)(b) of the Hong Kong Listing Rules with respect to the requirement to lay the Company's annual financial statements for the year ended December 31, 2021 before its members at an AGM within six months after the financial year ended December 31, 2021, subject to the condition that the Company lay such annual financial statements before its members at the First AGM before August 31, 2022.

## **EXERCISE PRICE OF OPTIONS TO BE GRANTED PURSUANT TO THE SHARE INCENTIVE PLANS 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 NYSE in March 2021, it has been the Company's practice to issue options exercisable into ADSs (every two of which represent one underlying Class A Ordinary Shares) under the Share Incentive Plans and the Company may continue to issue options exercisable into ADSs under the 2022 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 of the Listing Rules described under the sub-section 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 restricted share units with grant values denominated in U.S. dollars and tied to the market price of its NYSE-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 may continue to grant options under the Share Incentive Plans 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 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 NYSE on the date of grant, which must be a NYSE trading day; and (ii) the average per-share closing price of the Company's ADSs on the NYSE for the five NYSE 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.

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

## **DISCLOSURE OF OFFER PRICE**

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

The Public Offer Price will be determined by reference to, among other factors, the closing price of our ADS on NYSE on the last trading date on or before the price determination date and we have no control on the market price of our ADSs traded on NYSE. The latest market price of the Company's ADSs is accessible to the Shareholders and potential investors at <https://www.nyse.com/quote/XNYS:ZH>. Given the ADSs of our Company are freely tradable on NYSE, there may be price fluctuations in the ADSs as a result of market volatility and other factors during the period from the bulk-printing of the Prospectus until the pricing of the Global Offering.

Setting a fixed price or a price range with a low end offer price per Offer Share may adversely affect the market price of the ADSs and the Hong Kong Offer Shares considering, among other factors, that this may indicate an arbitrary floor price and may potentially prejudice our ability to price in the best interest of us and our Shareholders.

A maximum Public Offer Price will be disclosed in the Prospectus and the Application Form. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

The Prospectus will also disclose (i) the time for determination and announcement of the International Offer Price and the Public Offer Price, (ii) the historical prices of our ADSs and the trading volume on the NYSE, (iii) the determinants of the pricing of the Offer Shares and (iv) the source for the potential investors to access the latest market price of our ADSs, which will provide the potential investors with sufficient information to form informed decisions of their investment.

Given in no circumstances will the Public Offer Price for the Hong Kong Offer Shares be greater than the maximum Public Offer Price as stated in the Prospectus and the Application Form, the disclosure of the maximum Public Offer Price in the Prospectus will be in compliance with the requirement to disclose the “amount payable on application and allotment on each share” as required by paragraph 9 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules.