

**WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND
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In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an [REDACTED] must have sufficient management presence in Hong Kong. This normally means 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 satisfying the requirements under Rule 8.12 of the Listing Rules. Our Group’s management, business operations and assets are primarily based outside Hong Kong. The principal management headquarters and senior management of our Group are primarily based 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 and the Shareholders as a whole. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, namely, Lin Bin, an executive Director, and So Ka Man, joint company secretary to be the principal communication channel at all times between the Stock Exchange and our Company. 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;
- (b) we will implement a policy to provide the contact details of each Director (such as mobile phone numbers, office phone numbers, residential phone numbers, email addresses and fax numbers) to each of the authorized representatives and to the Stock Exchange. This will ensure that each of the authorized representatives and the Stock Exchange will have the means to contact all the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are traveling;
- (c) we will ensure that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;
- (d) we have retained the services of a compliance advisor, being Guotai Junan Capital Limited (the “**Compliance Advisor**”), in accordance with Rule 8A.33 and Rule 8A.34 of the Listing Rules. The Joint Sponsors submit, on behalf of our Company, that the Compliance Advisor will serve as an additional channel of communication with the Stock Exchange in addition to the authorized representatives of our Company. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Advisor has prompt access to our Company’s

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authorized representatives and Directors who will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor’s duties. The Compliance Advisor will also provide advice in compliance with Rule 8A.34 of the Listing Rules; and

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

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 8.17 and 3.28 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rules 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Our Company has appointed Steve Lin and So Ka Man of Tricor Services Limited as joint company secretaries of our Company. So Ka Man is a Chartered Secretary and an Associate of both of The Hong Kong Institute of Chartered Secretaries and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Steve Lin joined our Group in February 2018 as the Director of Corporate Finance. Steve Lin has over 13 years of experience in business consulting and investment banking. Prior to joining the Group, he worked at McKinsey&Company from July 2005 to August 2008, Macquarie Capital

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Securities Limited from September 2008 to August 2010 and Deutsche Bank Group from September 2010 to February 2018.

Accordingly, while Steve Lin does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Steve Lin may be appointed as a joint company secretary of our Company.

The waiver [was granted] for a three-year period on the condition that So Ka Man, as a joint company secretary of our Company, will work closely with, and provide assistance to, Steve Lin in the discharge of his duties as a joint company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules. The waiver will be revoked immediately if So Ka Man ceases to provide assistance to Steve Lin as the joint company secretary for the three-year period after the [REDACTED]. In addition, Steve Lin will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Steve Lin has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange. Immediately before the end of the three-year period, the qualifications and experience of Steve Lin and the need for on-going assistance of So Ka Man will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Steve Lin, having benefited from the assistance of So Ka Man for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

Please refer to the section headed “Directors and Senior Management” for further information regarding the qualifications of Steve Lin and So Ka Man.

WAIVER IN RELATION TO CONTINUING 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 [REDACTED], including transactions that will be treated as connected transactions as a result of us agreeing to treat Xiaomi Finance as a connected subsidiary. We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with (where applicable) (i) the announcement and independent shareholders’ approval requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, see the section headed “Connected Transactions.”

WAIVER AND EXEMPTION IN RELATION TO THE PRE-[REDACTED] ESOP

Rule 17.02(1)(b) of, and paragraph 27 of Part A of Appendix 1 to, the Listing Rules, and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, requires our Company to disclose, among other things, details of the number,

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description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given (the “**Share Option Disclosure Requirements**”).

As of May 1, 2018, our Company had granted options and restricted share units (“RSUs”) under the Pre-[REDACTED] ESOP to over 5,500 grantees, including the members of the directors and the senior management and other employees of our Group, to subscribe for an aggregate of [REDACTED] Class B ordinary share of US\$0.000025 par value each, representing [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (calculated at one Share one vote basis, assuming [the [REDACTED] is not exercised and] no Shares are issued pursuant to the exercise of options granted under the Pre-[REDACTED] ESOP) on the terms set out in the section headed “Statutory and General Information—Share Option Schemes—Pre-[REDACTED] ESOP” in Appendix IV. The Company will not make any further grants under the Pre-[REDACTED] ESOP after the [REDACTED].

In addition, Pinecone International granted options under the Pinecone Share Option Scheme I to 37 grantees, all of whom are employees of the Group, to subscribe for an aggregate of 3,806,649 ordinary shares of Pinecone International of par value of US\$0.0001 each (“**Pinecone Shares**”), representing approximately 15% of the total issued and outstanding Pinecone Shares immediately after completion of the [REDACTED], on the terms set out in the section headed “Statutory and General Information—Share Option Schemes—Pinecone Share Option Scheme I” in Appendix IV. All options were granted between May 18, 2015 and March 26, 2018. No options under the Pinecone Share Option Scheme I have been granted to Directors, senior managers or other connected persons of the Company. Pinecone International will not make any further grants under the Pinecone Share Option Scheme I after the [REDACTED].

Our Company has applied to the Stock Exchange and the SFC for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Part A of Appendix 1 to, the Listing Rules, and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the grounds that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that over 5,500 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Pre-[REDACTED] ESOP and Pinecone Share Option Scheme I in the [REDACTED] on an individual basis would be costly and unduly burdensome for our Company in light of a significant increase in cost and timing for information compilation, [REDACTED] preparation and printing;
- (b) as of the Latest Practicable Date, the grantees under the Pre-[REDACTED] ESOP and Pinecone Share Option Scheme I consist of (i) 10 management grantees who are directors and members of the senior management of our Company, and (ii) the remaining grantees who are employees of our Group, and as such, strict compliance with the Share Option Disclosure Requirements to disclose names, addresses, and entitlements on an individual

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basis will require substantial number of pages of additional disclosure that does not provide any material information to the [REDACTED] public;

- (c) given the nature of the business of our Company, it is extremely important for our Company to recruit and retain talents and the success of our Company’s long-term development plan will very much depend on the loyalty and contribution of the grantees;
- (d) the Pre-[REDACTED] ESOP and Pinecone Share Option Scheme I form a critical component in the compensation of the employees of our Group, and the information relating to the share options granted to the grantees is highly sensitive and confidential to our Group;
- (e) the full disclosure of the details of the grantees (which include their addresses) as well as the share options granted to each of them, would provide our Group’s competitors with our Group’s employees’ compensation details and facilitate their soliciting activities which could adversely impact our Group’s ability to recruit and retain valuable personnel;
- (f) the full disclosure on the share options granted to each of the grantees would also allow the employees of our Group to gain access to the others’ compensation, which could negatively affect the employees’ morale, give rise to negative internal competitions, and lead to an increase in the costs for recruitment and retention;
- (g) the disclosure of the personal details of each grantee, including the number of options granted, would require obtaining consent from all the grantees in order to comply with personal data privacy laws and principles which would be unduly burdensome for us given the number of grantees;
- (h) the grant and exercise in full of the options under the Pre-[REDACTED] ESOP and Pinecone Share Option Scheme I will not cause any material adverse impact in the financial position of our Company;
- (i) non-compliance with the above disclosure requirements would not prevent our Company from providing its potential [REDACTED] with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (j) material information relating to the options under the Pre-[REDACTED] ESOP and Pinecone Share Option Scheme I will be disclosed in the [REDACTED], including the total number of Class B Shares subject to the Pre-[REDACTED] ESOP and the total number of Pinecone Shares subject to the Pinecone Share Option Scheme I, the exercise price per share, the potential dilutive effect on the shareholding and impact on earnings per share upon full exercise of the options granted under the Pre-[REDACTED] ESOP and the Pinecone Share Option Scheme I. The Directors consider that the information that is reasonably necessary for the potential [REDACTED] to make an informed assessment of the Company in their [REDACTED] decision making process will be included in the [REDACTED].

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the [REDACTED] public.

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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 Part A of Appendix 1 to the Listing Rules on condition that:

- (a) on an individual basis, full details of the options granted under the Pre-[REDACTED] ESOP to each grantee who is a Director or a senior management member will be disclosed in the section headed “Statutory and General Information—Share Option Schemes—Pre-[REDACTED] ESOP” in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Part A of Appendix 1 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 options granted under the Pre-[REDACTED] ESOP to remaining grantees (being the other grantees referred to in the above paragraph (a)), disclosure will be made, on an aggregate basis, of (1) the aggregate number of grantees and number of Class B Shares underlying the options under the Pre-[REDACTED] ESOP, (2) the consideration paid for the grant of the options under the Pre-[REDACTED] ESOP, (3) the exercise period and the exercise price of the options granted under the Pre-[REDACTED] ESOP, (4) the aggregate number of Class B Shares underlying the options granted under the Pre-[REDACTED] ESOP as of the Latest Practicable Date and (5) the percentage to the Company’s total issued share capital represented by such number of Class B Shares as of the Latest Practicable Date;
- (c) the dilutive effect and impact on earnings per Class B Share upon the full exercise of the options under the Pre-[REDACTED] ESOP will be disclosed in the section headed “Statutory and General Information—Share Option Schemes—Pre-[REDACTED] ESOP” in Appendix IV;
- (d) in respect of the options granted under the Pinecone Share Option Scheme I disclosure will be made, on an aggregate basis, of (1) the aggregate number of grantees and number of Pinecone Shares underlying the options under the Pinecone Share Option Scheme I, (2) the consideration paid for the grant of the options under the Pinecone Share Option Scheme I and (3) the exercise period and the exercise price of the options granted under the Pinecone Share Option Scheme I, (4) the aggregate number of Pinecone Shares underlying the options granted under the Pinecone Share Option Scheme I as of the Latest Practicable Date and (5) the percentage to the Pinecone International’s total issued share capital represented by such number of Pinecone Shares as of the Latest Practicable Date;
- (e) the dilutive effect and impact on earnings per Pinecone Share upon full exercise of the options granted under the Pinecone Share Option Scheme I will be disclosed in this [REDACTED];
- (f) a summary of the major terms of the Pre-[REDACTED] ESOP and Pinecone Share Option Scheme I will be disclosed in the section headed “Statutory and General Information—Share Option Schemes” in Appendix IV;
- (g) the particulars of the waiver will be disclosed in this [REDACTED]; and
- (h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our 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.

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The SFC has [granted] to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on condition that:

- (a) on an individual basis, full details of the options under the Pre-[REDACTED] ESOP granted to each of the grantee who is a Director or a member of the senior management will be disclosed in the section headed “Statutory and General Information—Share Option Schemes—Pre-[REDACTED] ESOP” 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 options granted by our Company under the Pre-[REDACTED] ESOP for the remaining grantees (other than those referred to in paragraph (a) above), disclosure will be made of, on an aggregate basis, (1) the aggregate number of grantees and the number of Class B Shares underlying the options under the Pre-[REDACTED] ESOP, (2) the consideration (if any) paid for the grant of the options under the Pre-[REDACTED] ESOP and (3) the exercise period and the exercise price for the options granted under the Pre-[REDACTED] ESOP;
- (c) in respect of the options granted by Pinecone International under the Pinecone Share Option Scheme I, on an aggregate basis, (1) the aggregate number of grantees and the number of Pinecone Shares underlying the options under the Pinecone Share Option Scheme I, (2) the consideration (if any) paid for the grant of the options under the Pinecone Share Option Scheme I and (3) the exercise period and the exercise price for the options granted under the Pinecone Share Option Scheme I; and
- (d) the particulars of the exemption will be disclosed in this [REDACTED].

Further details of the Pre-[REDACTED] ESOP are set forth in the section headed “Statutory and General Information—Share Option Schemes—Pre-[REDACTED] ESOP” in Appendix IV.

WAIVERS IN RELATION TO THE XMF SHARE OPTION SCHEME II

We adopted the XMF Share Option Scheme II on [●] 2018. See the section headed “Statutory and General Information—Share Option Schemes—The XMF Share Option Scheme II” in Appendix IV for further details. The XMF Share Option Scheme II is not in full compliance with the requirements under Chapter 17 of the Listing Rules. Rule 17.02(1)(b) of the Listing Rules provides that, where a share option scheme of a new applicant does not comply with the requirements under Chapter 17 of the Listing Rules, no further options may be granted under the scheme after [REDACTED]. We expect to grant options under the XMF Share Option Scheme II after the [REDACTED]. Therefore, we have applied for [, and the Stock Exchange has granted], certain waivers from strict compliance with the requirements under the Listing Rules as detailed in this sub-section.

Background and operation of the XMF Share Option Schemes

Xiaomi Finance is in an early stage of development and primarily focuses on start-up businesses in the financial technology industry. In light of the novelty and competitiveness of the industry in which Xiaomi Finance operates in, we believe that the “employee-owned and managed” development model would be conducive to the recruitment and retention of highly sought-after talent in the financial technology industry, and in turn the long-term growth of Xiaomi Finance. It is our intention for management/employees of Xiaomi Finance to hold a significant stake in Xiaomi Finance

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going forward. To this end, we adopted the XMF Share Option Schemes and intend to grant options to suitable management/employees under the XMF Share Option Scheme II after the [REDACTED]. A share option scheme that is fully compliant with the restrictions set out in Chapter 17 of the Listing Rules would not be competitive in such an industry in attracting talent and would only provide marginal benefits to the long-term growth of Xiaomi Finance and may ultimately our ability to put in place the incentives that we desire to ensure the Xiaomi Finance management team is fully committed to growing the business over the long-term.

As of the date of this [REDACTED], Xiaomi Finance had 100,000,000 shares in issue that were all held by our Company.

We currently expect that our executive Director, Founder, Chairman, Chief Executive Officer, and Controlling Shareholder, Lei Jun, will play a strategic role in the development of Xiaomi Finance. Lei Jun has been [granted] options under the XMF Share Option I representing 42,070,000 shares of Xiaomi Finance, which in turn represent (i) approximately 42.07% of the issued shares of Xiaomi Finance as of the Latest Practicable Date; and (ii) approximately 16.8280% of the issued shares of Xiaomi Finance (assuming that the options representing the maximum number of shares of Xiaomi Finance under the XMF Share Option Schemes have been granted and fully exercised). See the section headed “Statutory and General Information—Share Option Schemes—The XMF Share Option Scheme I” in Appendix IV for further details. No further options under the XMF Share Option Scheme I will be granted after the [REDACTED]. Lei Jun’s participation in the XMF Share Option Scheme II is subject to a limit (see “—Conditions to the waivers [granted] by the Stock Exchange”).

The exercise of the options granted / to be granted under the XMF Share Option Schemes over time, which we do not have control over, will effectively dilute our Company’s interest in Xiaomi Finance. If we lose equity control in Xiaomi Finance through such dilution, Xiaomi Finance will cease to be a subsidiary of our Company and its results of operations will no longer be consolidated into that of our Group. For further information relating to such dilution, please also see “Risk Factors—Exercise of options granted or to be granted under the XMF Share Option Schemes may significantly dilute our interest in Xiaomi Finance over time to the extent that the results of operations of Xiaomi Finance will no longer be consolidated into those of our Group.”

Xiaomi Finance’s businesses do not form our Group’s core businesses and did not contributed materially to our Group’s results during the Track Record Period. Accordingly, the potential financial and dilutive effect of the XMF Share Option Schemes is not currently expected to be significant to our Group as a whole. For the year ended December 31, 2017, the revenue and net profit (before tax) of Xiaomi Finance accounted for approximately 0.7% and 0.2%, respectively, of those of our Group. As of December 31, 2017 the total assets of Xiaomi Finance accounted for approximately 14.1% of those of our Group.

We believe that the implementation of the XMF Share Option Schemes aligns the interests of our Company (and our Shareholders as a whole) and the participants under the XMF Share Option Schemes with respect to the future growth of Xiaomi Finance. In particular, the implementation of the XMF Share Option Schemes with a large scheme limit enables Xiaomi Finance to identify suitable management personnel with an entrepreneurial vision and transition into an “employee-owned and managed” company in the long term.

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Relevant provisions of the Listing Rules

Rule 17.02(1)(b) of the Listing Rules provides that where a share option scheme of a new applicant does not comply with the provisions of Chapter 17 of the Listing Rules, no further options may be granted under the scheme after [REDACTED].

Note 1 to Rule 17.03(3) of the Listing Rules provides that the total number of securities that may be issued upon exercise of all options to be granted under the share option scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of a subsidiary in issue as at the date of the approval of the share option scheme. Note 1 also provides that the listed issuer may seek approval by its shareholders in general meeting for refreshing the 10% limit under the scheme, provided that the total number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the subsidiary under the refreshed limit must not exceed 10% of the relevant class of securities in issue as at the date of approval of the limit.

Note 2 to Rule 17.03(3) of the Listing Rules provides that the total number of securities that may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other schemes must not exceed 30% of the relevant class of securities of the subsidiary.

Note to Rule 17.03(4) of the Listing Rules provides that unless approved by shareholders in the manner set out in Note 4, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of securities of the subsidiary in issue.

Rule 17.04(1) of the Listing Rules provides each grant of any options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of any of the listed issuer’s subsidiaries must be approved by independent non-executive directors of the listed issuer. Where any grant of options to a substantial shareholder or an independent non-executive director of the listed issuer, or any of their respective associates, under a scheme of its subsidiaries, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of options must be approved by shareholders of the listed issuer.

Rules 14.20 and 14A.80 of the Listing Rules provide that, in complying with the size test requirements in categorizing the transactions under Chapter 14 or Chapter 14A of the Listing Rules, any percentage ratio that produces an anomalous result may be disregarded.

Rule 14.29 of the Listing Rules provides that allotment of share capital by a subsidiary of a listed issuer may result in a reduction of the percentage equity interest of the listed issuer in such subsidiary, and such allotments give rise to deemed disposals.

Rule 14A.92(3)(b) of the Listing Rules provides that securities issued to a connected person under a share option scheme that complies with Chapter 17 or a share option scheme adopted by the listed issuer before its securities first start dealing on the Stock Exchange, and where the Stock

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Exchange has approved the [REDACTED] of the securities to be issued under the scheme is fully exempt from the requirements under Chapter 14A of the Listing Rules.

Waivers

We have applied for[, and the Stock Exchange has granted], subject to the conditions set forth in “—Conditions to the waivers [granted] by the Stock Exchange,” the following waivers from strict compliance with:

1. Rule 17.02(1)(b) of the Listing Rules, such that we may grant options under the XMF Share Option Scheme II subject to our compliance with the conditions to the waivers [granted] by the Stock Exchange;
2. Note 1 to Rule 17.03(3) of the Listing Rules, such that the maximum number of shares represented by the options granted and to be granted under the XMF Share Option Schemes and any other schemes is 150,000,000, representing 150% of the total issued shares of Xiaomi Finance as of the Latest Practicable Date (or 60% of the total issued shares of Xiaomi Finance assuming options representing the maximum number of shares of Xiaomi Finance under the XMF Share Option Schemes have been granted and fully exercised), and we may seek approval by our Shareholders in general meeting for refreshing the 150% limit under the XMF Share Option Scheme II, provided that the total number of shares of Xiaomi Finance that may be issued upon exercise of all options to be granted under all of the schemes of Xiaomi Finance including under the refreshed limit must not exceed 60% of the shares in Xiaomi Finance (assuming options representing the maximum number of shares of Xiaomi Finance under the XMF Option Scheme have been granted and fully exercised);
3. Note 2 to Rule 17.03(3) of the Listing Rules, such that the limit on the number of shares of Xiaomi Finance that may be issued upon exercise of all outstanding options granted and yet to be exercised under the XMF Share Option Scheme II and any other schemes must not exceed 150% of the total issued shares of Xiaomi Finance (or 60% of the total issued shares of Xiaomi Finance assuming options representing the maximum number of shares of Xiaomi Finance under the XMF Share Option Schemes have been granted and fully exercised);
4. Note 4 to Rule 17.03(4) of the Listing Rules, such that the XMF Share Option Scheme II has no individual participant limit (other than Lei Jun, see “—Conditions to the waivers [granted] by the Stock Exchange” below); and
5. Rule 17.04(1) of the Listing Rules, such that we do not have to comply with the relevant requirements with respect to the grants of options under the XMF Share Option Scheme II to a Director, chief executive or substantial shareholder of our Company, or any of their respective associates.

The above waivers apply only in relation to the XMF Share Option Schemes involving the shares of Xiaomi Finance and have no general application to the share option schemes of other members of our Group.

We have also applied for[, and the Stock Exchange has granted], certain dispensations of the Listing Rules, such that (i) pursuant to Rules 14.20 and 14A.80 of the Listing Rules, the assets ratio test be disregarded when calculating the relevant ratio tests under Chapter 14 or Chapter 14A of the

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Listing Rules in relation to the grant of options under the XMF Share Option Scheme II, as the assets ratio test would produce an anomalous result; (ii) Rule 14.29 of the Listing Rules shall not apply to issuances of shares by Xiaomi Finance pursuant to the exercise of options granted under the XMF Share Option Schemes; and (iii) Rule 14A.92(3)(b) of the Listing Rules be applied to the issuance of shares pursuant to the exercise of options granted under the XMF Share Option Schemes. See also “—Conditions to the waivers [granted] by the Stock Exchange—Chapter 14/14A of the Listing Rules.”

Rationale for the waivers

The reasons we have submitted to the Stock Exchange include:

1. the implementation of the XMF Share Option Scheme II on the basis of the waivers sought aligns the interests of our Company (and our Shareholders as a whole) and the participants under the XMF Share Option Scheme II with respect to the future growth of Xiaomi Finance. The implementation of the XMF Share Option Scheme II with a large scheme limit enables Xiaomi Finance to identify suitable management personnel with an entrepreneurial vision and transition into an “employee-owned and managed” company in the long term. We believe that the practice of participatory management is paramount to the future growth and success of Xiaomi Finance, particular given the novelty of the financial technology industry that it operates in. In this connection, the individual limit to each participant under a share option scheme as prescribed in Note 4 to Rule 17.03(4) of the Listing Rules and Rule 17.04(1) of the Listing Rules may limit the upside of the participant in benefiting from the long term success of Xiaomi Finance and in turn the ability of our Company to attract and incentivize key employee-owners of Xiaomi Finance to develop its business with an entrepreneurial approach;
2. it would be unduly burdensome for our Company to convene multiple shareholders’ meetings to approve and refresh the limits under the XMF Share Option Scheme II if it were to fully comply with Notes 1 and 2 to Rule 17.03(3) of the Listing Rules or to approve grants of options to participants exceeding the limits prescribed in Note 4 to Rule 17.03(4) of the Listing Rules and/or Rule 17.04(1) of the Listing Rules, and may ultimately impact our Company’s ability to put in place the incentives it desires to ensure that the Xiaomi Finance management team is fully committed to growing the business over the long-term; and
3. Xiaomi Finance’s business is not one of our Group’s core businesses and did not contribute materially to our Group’s results during the Track Record Period. Accordingly, the potential financial and dilutive effect of the XMF Share Option Scheme II, even if implemented on the basis of the waivers sought, is not expected to be significant to our Group as a whole.

Conditions to the waivers [granted] by the Stock Exchange

The waivers [granted] by the Stock Exchange are subject to the following conditions that serve as safeguards to the interests of our Company (and therefore, our Shareholders) in Xiaomi Finance in light of the features of the XMF Share Option Scheme II that deviate from Chapter 17 of the Listing Rules:

1. **Non-competition undertaking.** Xiaomi Finance [has entered] into a non-competition undertaking in favor of us, pursuant to which Xiaomi Finance will not engage in

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businesses which will or are likely to compete with the business conducted by us from time to time (other than Xiaomi Finance).

2. **Connected subsidiary.** For as long as we account for Xiaomi Finance as a subsidiary, we will treat each member of the Xiaomi Finance Group as a “connected subsidiary” (as defined in Rule 14A.16 of the Listing Rules) after the [REDACTED] and will comply with the relevant connected transactions requirements under Chapter 14A of the Listing Rules with respect to transactions that occur between the XM Group and the Xiaomi Finance Group, save for the interest-free and one-off XMF Restructuring Loans advanced by our Company to Xiaomi Finance that arose in connection with the XMF Restructuring and were made on the basis that Xiaomi Finance was at the time, and as of the Latest Practicable Date remains, a wholly-owned subsidiary of our Company. For details of these transactions, see “Connected Transactions.”
3. **Pre-emptive rights.** Xiaomi Finance [has granted] us pre-emptive rights in relation to any issuance of new shares by Xiaomi Finance (other than issuances to the exercise of options under the XMF Share Option Schemes).
4. **Remuneration committee review.** In the case where any of our Directors or senior management members as identified in this [REDACTED] will be granted any options under the XMF Share Option Scheme II, this would form part of the overall compensation package of such Directors / senior management members with us, and thus subject to the scrutiny and approval of our remuneration committee (which is chaired by an independent non-executive Director and comprises a majority of the independent non-executive Directors as required under the Listing Rules).
5. **Individual limit on Lei Jun.** The XMF Share Option Scheme II contains an express provision that the grant of options to Lei Jun will be subject to an overall limit such that no options may be granted to Lei Jun if the grant would result in Lei Jun’s interest in Xiaomi Finance exceeding 28.0467% (being the effective interest of Lei Jun in the fully diluted share capital of our Company as of the Latest Practicable Date). Such assessment would be made on a “fully diluted” basis, assuming exercise in full of any options in respect of shares in Xiaomi Finance held by both Lei Jun and any other grantees under the XMF Share Option Schemes.
6. **Chapter 14 / 14A of the Listing Rules.** For as long as we account for Xiaomi Finance as a subsidiary, we will treat any grant of options under the XMF Share Option Scheme II as a deemed disposal of our interest in Xiaomi Finance and will comply with (i) the requirements under Chapter 14A of the Listing Rules with respect to grants of options under the XMF Share Option Scheme II to our connected persons; and (ii) the requirements under Chapter 14 of the Listing Rules with respect to grants of options under the XMF Share Option Scheme II as a whole, in each case on the following basis:
 - (a) **Size test ratios.** The grant of options under the XMF Share Option Scheme II would be aggregated within any 12-month period pursuant to Rule 14.22 and/or Rule 14A.81 of the Listing Rules (as the case may be) on the basis set out below, and measured against the applicable size tests pursuant to Rule 14.07 of the Listing Rules.

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The following tables summarize the operations of Chapters 14 and 14A of the Listing Rules with respect to the grant of options under the XMF Share Option Scheme II:

(i) *announcement / shareholders’ approval requirements with respect to grant of options*

	Announcement requirement	Shareholders’ approval requirement
Compliance with Chapter 14A of the Listing Rules	<p>Grants to any individual grantee who is a connected person are aggregated within any 12-month period.</p> <p>If any of following ratios is $\geq 0.1\%$ (or 1% if the grantee is connected at the Xiaomi Finance level only):</p> <ul style="list-style-type: none"> ● Consideration Ratio; and ● Revenue Ratio, <p>announcement is required under Chapter 14A of the Listing Rules.</p>	<p>Grants to any individual grantee who is a connected person are aggregated within any 12-month period.</p> <p>If any of following ratios is $\geq 5\%$:</p> <ul style="list-style-type: none"> ● Consideration Ratio; and ● Revenue Ratio, <p>independent shareholders’ approval is required under Chapter 14A of the Listing Rules.</p>
Compliance with Chapter 14 of the Listing Rules	<p>Total of all grants made is aggregated within any 12-month period.</p> <p>If any of following ratios is $\geq 5\%$:</p> <ul style="list-style-type: none"> ● Consideration Ratio; ● Profits Ratio; and ● Revenue Ratio, <p>announcement is required under Chapter 14 of the Listing Rules.</p>	<p>Total of all grants made is aggregated within any 12-month period.</p> <p>If any of following ratios is $\geq 25\%$:</p> <ul style="list-style-type: none"> ● Consideration Ratio; ● Profits Ratio; and ● Revenue Ratio, <p>shareholders’ approval is required under Chapter 14 of the Listing Rules.</p>

(ii) *the applicability and calculation of the relevant size tests under Rule 14.07 of the Listing Rules for the above purposes*

Size Test	Calculation	Notes
Assets Ratio	<p>The assets ratio under Rule 14.07(1) of the Listing Rules is not applicable as it would lead to an anomalous result pursuant to Rule 14.2 and/or Rule 14A.80 of the Listing Rules (as the case maybe).</p>	<p>The asset profiles of our Company’s business and that of Xiaomi Finance are not comparable. With an “asset light” new economy company model, the majority of the assets of our Company lies in intellectual property, branding and the talents of its management and employees, rather than the extensive property, plant and equipment asset profile of traditional “asset heavy” old economy businesses. On the other hand, the financial services businesses of Xiaomi Finance have extensive capital requirements (including regulatory capital requirements where applicable) resulting in a significant balance sheet of financial assets (comprising, for example, the capital required to carry out the financial services businesses, customer loan receivables of the lending business, and investments / insurance assets of the insurance business).</p>

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Size Test	Calculation	Notes
Consideration Ratio	<p>For Chapter 14A: the total price paid for, and the total exercise price of, the options granted to the individual grantee who is a connected person in the last 12 months ÷ total market capitalization of our Company</p> <p>For Chapter 14: the total price paid for, and the total exercise price of, any options granted in the last 12 months ÷ total market capitalization of our Company</p>	Pursuant to Rule 14.15 of the Listing Rules, if the most recently appraised fair value of Xiaomi Finance becomes significantly higher than the one that was used to determine the exercise price of the option to be granted, the numerators will be modified to the higher fair value of Xiaomi Finance attributable to the equity interest represented by options granted to the individual grantee who is a connected person in the last 12 months (for Chapter 14A) or all the options granted in the last 12 months (for Chapter 14) and the total price paid for such options.
Profits Ratio	For Chapter 14: total percentage equity interest in Xiaomi Finance represented by the total options granted in the last 12 months x net profits of Xiaomi Finance ÷ the net profits of our Company	In the event of a grant of options under the XMF Share Option Scheme II that would result in Xiaomi Finance ceasing to be our subsidiary on a fully-diluted basis (assuming such option and all other outstanding options granted under the XMF Share Option Schemes have been fully exercised), for the purpose of the size tests, the numerators for the Profits Ratio and the Revenue Ratios would become 100% of the total net profits of Xiaomi Finance and 100% of the total revenue of Xiaomi Finance, respectively.
Revenue Ratio	<p>For Chapter 14A: total percentage equity interest in Xiaomi Finance represented by grants to the individual grantee who is a connected person in the last 12 months x revenue of Xiaomi Finance ÷ the revenue of our Company</p> <p>For Chapter 14: total percentage equity interest in Xiaomi Finance represented by the total options granted in the last 12 months x revenue of Xiaomi Finance ÷ the revenue of our Company</p>	
Equity Ratio	Capital The equity capital ratio under Rule 14.07(5) of the Listing Rules is not applicable.	No issue of consideration shares will be involved in the operation of the XMF Share Option Schemes.

- (b) **WVR structure to apply.** Consistent with Rule 8A.25 of the Listing Rules, our WVR structure as set forth in “Share Capital—Weighted Voting Rights Structure” shall apply to the relevant requirements to obtain shareholders’ approval under Chapters 14 and/or 14A of the Listing Rules, provided that any Shareholder with a material interest (i.e. proposed grantees of the options that are subject to the relevant approval) will abstain from voting pursuant to Rule 14.46 and/or Rule 14A.36 of the Listing Rules (as the case may be).
- (c) **Compliance requirements for the issue of shares of Xiaomi Finance pursuant to the exercise of options under the XMF Share Option Schemes.** The issue of shares of Xiaomi Finance pursuant to the exercise of options granted under the XMF Share Option Schemes shall not be treated as a “deemed disposal” of our interest in Xiaomi Finance under Rule 14.29 of the Listing Rules, as (i) with respect to the option already granted under the XMF Share Option Scheme I, all relevant information is

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already disclosed to the [REDACTED] in the [REDACTED]; and (ii) with respect to the options to be granted under the XMF Share Option Scheme II after the [REDACTED], we would have complied with the relevant requirements at the time of grant of the relevant options (see paragraph (a) above). Rule 14A.92(3)(b) of the Listing Rules shall apply to the XMF Share Option Schemes to the extent that the issue of shares of Xiaomi Finance to a connected person pursuant to the exercise of options under the XMF Share Option Schemes by such connected person shall be exempt from any annual review and shareholders’ approval requirements under Chapter 14A of the Listing Rules, provided that we will comply with the disclosure requirements under Rule 14A.61 of the Listing Rules such that we will make an announcement pursuant to Rule 2.07C of the Listing Rules in the event that any connected person exercises options granted under the XMF Share Option Schemes, notifies us that they will not exercise any options, or the options expire.

WAIVER IN RELATION TO THE PINECONE SHARE OPTION SCHEME II

We adopted the Pinecone Share Option Scheme II on [●], 2018. See the section headed “Statutory and General Information—Share Option Schemes—Pinecone Share Option Scheme II” in Appendix IV for further details.

Note 1 to Rule 17.03(3) of the Listing Rules provides that the total number of securities that may be issued upon exercise of all options to be granted under the share option scheme and any other schemes must be in aggregate exceed 10% of the *relevant class of securities* of a subsidiary in issue as at the date of the approval of the share option scheme. Note 1 also provides that the listed issuer may seek approval by its shareholders in general meeting for refreshing the 10% limit under the scheme, provided that the total number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the subsidiary under the refreshed limit must not exceed 10% of the *relevant class of securities* in issue as at the date of approval of the limit.

Note 2 to Rule 17.03(3) of the Listing Rules provides that the total number of securities that may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other schemes must not exceed 30% of the *relevant class of securities* of the subsidiary.

Note to Rule 17.03(4) of the Listing Rules provides that unless approved by shareholders in the manner set out in Note 4, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the *relevant class of securities* of the subsidiary in issue.

Rule 17.04(1) of the Listing Rules provides where any grant of options to a substantial shareholder or an independent non-executive director of the listed issuer, or any of their respective associates, under a scheme of any of its subsidiaries, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up and including the date of such grant representing in aggregate over 0.1% of the *relevant class of securities* in issue, such further grant of options must be approved by shareholders of the listed issuer.

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As of the Latest Practicable Date, the share capital of Pinecone International comprised (i) ordinary shares (the “**Pinecone Ordinary Shares**”); and (ii) series A preferred shares (the “**Pinecone Series A Preferred Shares**”). As of the Latest Practicable Date, 25,000,000 Pinecone Ordinary Shares and 63,000,000 Pinecone Series A Preferred Shares (which were held by us) were in issue. Special rights attached to the Pinecone Series A Preferred Shares (the “**Special Rights**”) include dividends rights, liquidation rights, conversion rights, anti-dilution protection, other protective provisions requiring certain matters to be approved by holders of Pinecone Series A Preferred Shares and redemption rights. All Pinecone Series A Preferred Shares may be converted into Pinecone Ordinary Shares on a one to one basis, subject to certain adjustment events set forth in the articles of association of Pinecone International. The Pinecone Ordinary Shares and the Pinecone Series A Preferred Shares shall vote together on an “as converted” basis on all matters submitted to a vote of shareholders of Pinecone International.

We have applied for, [and the Stock Exchange has granted] a waiver for strict compliance from (i) Note 1 to Rule 17.03(3) of the Listing Rules; (ii) Note 2 to Rule 17.03(3) of the Listing Rules; (iii) Rule 17.04(1) of the Listing Rules; and (iv) Rule 17.04(1) of the Listing Rules, such that all of the respective limits therein would, for the purposes of the Pinecone Share Option Scheme II, be calculated with respect to the total number of Pinecone Ordinary Shares in issue on an “as-converted” basis assuming conversion of all preferred shares of Pinecone International (including the Pinecone Series A Preferred Shares) into Pinecone Ordinary Shares. The reasons we have submitted to the Stock Exchange include:

- (a) as Pinecone International is a early stage company, it is desirable to adopt the Pinecone Share Option Scheme II to attract and incentivise suitable employees to work towards enhancing the value of Pinecone International. Options representing the Pinecone Series A Preferred Shares with Special Rights attached would not be appropriate to be granted to the employees as they are not subject to the same investment risk and capital commitment as investor for the Pinecone Series A Preferred Shares (i.e. our Company) and would be prejudicial to the interests of our Company as holder of the Pinecone Series A Preferred Shares. The options representing Pinecone Ordinary Shares are more appropriate for the purpose of the Pinecone Share Option Scheme II. However, if the Pinecone Share Option Scheme II were to fully comply with Note 1 to Rule 17.03(3) of the Listing Rules, the 10% scheme mandate limit of 2,500,000 Pinecone Ordinary Shares, representing only approximately 2.84% of the issued share capital of Pinecone International (on an as-converted basis), would be too restrictive for the purpose of the Pinecone Share Option Scheme II;
- (b) it would be unduly burdensome for the Company to convene multiple general meetings to refresh the scheme mandate limit with respect to the Pinecone Ordinary Shares that would represent only a small percentage of the overall issued share capital of Pinecone International (on an as-converted basis), and may ultimately impact Pinecone International’s ability to put in place the incentives it desires to attract and incentivise suitable employees;
- (c) given that only options representing Pinecone Ordinary Shares will be granted under the Pinecone Share Option Scheme II, the operation of the scheme would not result in

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effective dilution to the Company’s interest in Pinecone International to an extent greater than the limitation envisaged in Note 1 to Rule 17.03(3) of the Listing Rules; and

- (d) waiver with respect to the refreshment of the 10% scheme mandate limit under Note 1 to Rule 17.03(3) of the Listing Rules, the 30% overall scheme limit under Note 2 to Rule 17.03(3), the 1% individual participant limit under Note to Rule 17.03(4) of the Listing Rules and the 0.1% limit for grants to a substantial shareholder or an independent non-executive Director, or any of their respective associates, under Rule 17.04(1) of the Listing Rules is consequential to the scheme mandate limit of 10% being calculated with respect to the total number of Pinecone Ordinary Shares in issue on an as-converted basis assuming conversion of all preferred shares of Pinecone International (including the Pinecone Series A Preferred Shares) into Pinecone Ordinary Shares.

[The Stock Exchange has granted the requested waiver on the condition that only options representing the Pinecone Ordinary Shares may be granted under the Pinecone Share Option Scheme II.]

WAIVER IN RELATION TO BUSINESS OR SUBSIDIARY ACQUIRED OR PROPOSED TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

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

In addition, our Group may also increase its equity interest in entities that are already majority controlled by, and consolidated in the financial statements of, our Group. However, as these do not involve the acquisition of a company or a business, and the financial contribution of the relevant entities are already reflected in our Group’s financial statements, our Company does not believe that these increases in its equity interests represent an acquisition for the purpose of Rules 4.04(2) and 4.04(4).

Pursuant to guidance letter HKEX-GL32-12 issued by the Stock Exchange (“**GL32-12**”), acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to GL32-12, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances including (i) the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of each acquisition are all less than 5% by reference to the most recent financial year of the applicant’s trading record period, (ii) the applicant is neither able to exercise any control, nor has any significant influence, over the underlying company or business; and (iii) the **[REDACTED]** document should include the reasons for the acquisitions and a confirmation that the counterparties and the ultimate beneficial owners of the counterparties are independent third parties of the applicant and its connected persons.

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Background to the investments

During the Track Record Period, our Group has made investments in a large number of companies both in mainland China and overseas (the “**Investments**”). These investee companies are generally members of the broader “ecosystem” related to our Group’s core business, and provide products, services and/or resources that our Group believes can help them efficiently expand product and service offerings to our Group’s users, or have developed proprietary technologies complementary to our Group, or have the ability to help our Group enter a new market to expand our international footprint. Our Group plans to continue to invest in businesses that are part of our Group’s ecosystem and complementary to its business and growth strategies.

The majority of the Investments made by our Group have been passive investments (usually no more than 30% equity interest in the target companies), such that the target companies of the Investments have not been consolidated into our Group, and our Group has no control over the board of the target companies.

During the Track Record Period, our Group invested in a range of emerging technology trends and breakthroughs that it believes offer significant opportunities to deliver value to its users and growth for our Group.

Save for five investments whose investment amount are above US\$100 million each, the investment amount of the majority of the Investments are less than RMB20 million.

Since December 31, 2017 (being the date to which its latest audited accounts have been made up) and up to the Latest Practicable Date, our Group had made or proposed to make a number of investments, details of which are set out in below:

No.	Name of the target company	Investment amount ('000)	Percentage of shareholding / equity interest	Principal business	Basis for determining the investment amount
1.	Company A	RMB40,000	29.6%	Game	Based on the capital required for the target’s operation
2.	Company B	RMB400	10%	Virtual reality	Based on the capital required for the target’s operation
3.	Company C	RMB3,000	10%	Coffee machines	Based on the capital required for the target’s operation
4.	Company D	US\$12,000	4.9%	Distribution and retail of hardware	Based on the capital required for the target’s operation to support its distribution and retail of our Group’s products
5.	Company E	RMB6,250	5%	Consumer goods (health products)	Based on the valuation of the assets as at April 30, 2017

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No.	Name of the target company	Investment amount ('000)	Percentage of shareholding / equity interest	Principal business	Basis for determining the investment amount
6.	Company F	RMB20,000	10%	Pronunciation research	Based on the capital required for the target's operation
7.	Company G	RMB3,250	2.5%	Maternal and child supplies	Based on the capital required for the target's operation
8.	Company H	RMB42,140	3.6%	Flexible printed circuit manufacturing	P/E ratio
9.	Company I	US\$11,780	20.8%	News aggregation	Strategic investment
10.	Shenzhen Blackheart Black Technology Co., Ltd. (深圳黑桃黑科技有限公司)	RMB1,250	12.5%	Industrial design studio	Based on the capital required for the target's operation
11.	Youmi Co., Ltd.	US\$ 340	5%	Korean sales channels	Based on the capital required for the target's operation
12.	Nanjing Bianyu Liandong Technology Co., Ltd. (南京遍宇聯動科技有限公司)	RMB3,000	10%	Provide IoT solution to enterprise	Based on the capital required for the target's operation
13.	Hangzhou Nianyu E-commerce Co., Ltd. (杭州鮎魚電子商務有限公司)	RMB750	1.5%	IP derivatives service platform	Based on the capital required for the target's operation
14.	Xiaoji Bio-tech (Shanghai) Co., Ltd. (小吉生物科技(上海)有限公司)	RMB10,000	10%	Intelligent hardware	Based on the capital required for the target's operation
15.	Shenzhen Qimian Garment Co., Ltd. (深圳七面服飾有限公司)	RMB1,500	10%	Leather product	Based on the capital required for the target's operation
16.	Shenzhen More Acoustics Technology Co., Ltd. (深圳魔耳智能聲學科技有限公司)	RMB2,300	11.5%	Speaker box	Based on the capital required for the target's operation
17.	Xiamen Lefan Health Technology Co., Ltd. (廈門樂范健康科技有限公司)	RMB4,000	10%	Consumer goods (health related and massage related products)	Based on the valuation of the assets as at December 31, 2017
18.	Shanghai Kaco Industrial Co., Ltd (上海文采實業有限公司)	RMB6,000	8%	Consumer goods (stationery)	Based on the valuation of the assets as at December 31, 2017
19.	Finnov Private Limited	US\$280	1%	Fintech	Strategic investment

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No.	Name of the target company	Investment amount ('000)	Percentage of shareholding / equity interest	Principal business	Basis for determining the investment amount
20.	ShenZhen Yunyinggu Technology Co, Ltd. (深圳雲英穀科技有限公司)	RMB2,500	0.42%	Display technology	Based on the capital required for the target's operation

Each of the above investments will be settled in cash. To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, all of the target companies set out above and their ultimate beneficial owners are third parties independent from our Company and its connected persons. In its ordinary course of business, our Company expects to continue to enter into further investments subsequent to the Latest Practicable Date and prior to the date of this [REDACTED] (together with the investments listed above, the “2018 Investments”). The final terms of the 2018 Investments that have yet to be completed may be subject to change.

The reasons for the acquisitions for the 2018 Investments are to further expand members of the broader “ecosystem” related to the Group’s core business such that the Group could create strategic synergy and provide products, services and/or resources that the Group believes can help them efficiently expand product and service offerings to the Group’s users, or have developed proprietary technologies complementary to the Group, or have the ability to help the Group enter a new market to expand our international footprint.

Conditions to the waivers [granted] by the Stock Exchange

We have applied to the Stock Exchange for[, and the Stock Exchange has agreed to grant,] a waiver from strict compliance with Rule 4.04(2) and 4.04(4) of the Listing Rules in respect of the 2018 Investments on the following grounds:

1. Ordinary and usual course of business

Making equity investments of this nature is part of the ordinary course of business of our Group. Our Company started making investments in 2011, and conducted over 200 Investments to date and over 100 during the Track Record Period. Our Company has an investment team comprising of about 12 members responsible for conducting the Investments on a full-time basis.

The Investments are investments classified as financial assets carried at fair value through profit or loss and are not consolidated into our Group’s financial statements. Changes in the fair value are included in profit or loss in the period in which they arise and presented within “Fair value changes on investments” in the income statement. Upon disposal, the difference between the net sale proceeds and the carrying amount is also included in the income statement as “Other (losses)/gains, net.”

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2. The percentage ratios of each investment are all less than 5% by reference to the most recent financial year of our Company’s Track Record Period

The percentage ratios for each of the 2018 Investments are all significantly less than 5% by reference to the most recent financial year of our Company’s Track Record Period, and any subsequent investments are also expected to be so. To the best knowledge of our Company, the 2018 Investments are not subject to aggregation under Rule 14.22 of the Listing Rules.

Accordingly, we consider that the 2018 Investments are immaterial and do not expect them to have any material effect on the business, financial condition or operations of our Group.

3. The Company is neither able to exercise any control, nor has any significant influence, over the underlying company or business

We only hold a minority equity interest in each of the target companies under the 2018 Investments and does not control their boards of directors; and this is expected to remain the case for any subsequent investments. Given that our Group is neither able to exercise any control nor has any significant influence over each of the target companies under the 2018 Investments, we would not be able to compel or request the target companies of the 2018 Investments to cooperate with its audit work in order for us to comply with the relevant requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

4. Alternative disclosure in the [REDACTED]

We have provided in this section alternative information in connection with the 2018 Investments. Such information include, where applicable, those which would be required for a discloseable transaction under Chapter 14 of the Listing Rules including, for example, reasons for the investments and a confirmation that the counterparties and the ultimate beneficial owners of the counterparties are independent third parties of the Company and its connected persons. For the avoidance of doubt, the names of certain companies that are the subject of the 2018 Investments are not disclosed in the [REDACTED] because (i) we have entered into confidentiality agreements with these companies and do not have consent from all of them for such disclosure and/or (ii) given that we have not yet entered into legally binding agreements with respect to all of these investments as of the Latest Practicable Date, disclosure of the names of the relevant companies in the [REDACTED] is commercially sensitive and may jeopardize our ability to consummate the proposed investments and/or (iii) given the competitive nature of the industry in which we operate, it is commercially sensitive to disclose the identities of the companies we invested or propose to invest in to avoid our competitors to anticipate our plans of business growth.

The Company does not expect to use any [REDACTED] from the Proposed [REDACTED] to fund such Investments.

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**WAIVER IN RELATION TO THE DISCLOSURE REQUIREMENTS WITH RESPECT TO
CHANGES IN SHARE CAPITAL**

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

We have identified seven entities that we consider are the major subsidiaries and Consolidated Affiliated Entities primarily responsible for the track record results of our Group (the “**Principal Entities**,” and each a “**Principal Entity**”). For further details, please see section headed “History, Reorganization and Corporate Structure—Major subsidiaries, Consolidated Affiliated Entities and operating entities.” Globally, our Group has approximately 100 subsidiaries and Consolidated Affiliated Entities, across more than 10 different jurisdictions. It would be unduly burdensome for our Company to disclose this information, which would not be material or meaningful to investors. By way of illustration, for the financial year ended December 31, 2017, the aggregate revenue of the Principal Entities in respect of which the relevant information is disclosed represents approximately 92.9% of the Group’s total revenue. Accordingly, the remaining subsidiaries and Consolidated Affiliated Entities in our Group are insignificant to the overall results of the Group.

As such, the particulars of the changes in the share capital of our Company and the Principal Entities are disclosed in the section headed “Statutory and General Information—Further information about our Company and our subsidiaries and Consolidated Affiliated Entities—Changes in the share capital of our major subsidiaries and Consolidated Affiliated Entities” in Appendix IV. Further, all major shareholding changes and reorganization steps taken by our Group have been included in the section headed “History, Reorganization and Corporate Structure.”

[REDACTED]

**WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND
EXEMPTIONS FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]