OVERVIEW

Prior to the [**REDACTED**], our Group has entered into certain transactions with parties who will, upon the [**REDACTED**], become connected persons (as defined in the Listing Rules) of our Company. Details of the non-exempt continuing connected transactions of our Company following the [**REDACTED**] are set out below.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — THE PRC CONTRACTUAL ARRANGEMENTS

Background for the PRC Contractual Arrangements

As disclosed in "Contractual Arrangements", due to regulatory restrictions on foreign ownership in the PRC, we are restricted from directly owning 100% equity interest in the Consolidated Affiliated Entities. Therefore, in order for our Group to effectively control and enjoy the entire economic benefit of the PRC Consolidated Affiliated Entities, a series of Contractual Arrangements have been entered into among Shenzhen Yishi, the Consolidated Affiliated Entity Holdcos, and the PRC Registered Shareholders. See "Contractual Arrangements — The PRC Contractual Arrangements" for detailed terms of the PRC Contractual Arrangements.

Principal Terms of the Transactions

The PRC Contractual Arrangements consist of five types of agreements: (a) the Exclusive Business Cooperation Agreement; (b) the Exclusive Option Agreement; (c) the Powers of Attorney; (d) the Share Pledge Agreements; and (e) the Spousal Consent Letters (all as defined in "Contractual Arrangements — The PRC Contractual Arrangements") (the "**PRC Contractual Arrangements Agreements**").

Listing Rules Implications

The Consolidated Affiliated Entities are accounted as subsidiaries of the Company and the financial information of the Consolidated Affiliated Entities are consolidated into the Company. The Consolidated Affiliated Entity Holdcos are wholly-owned by Mr. He through Guangzhou Qiaoguan and Shenzhen Qiaoguan. Mr. He is a director of certain subsidiaries of our Company. As such, each of Mr. He, Guangzhou Qiaoguan and Shenzhen Qiaoguan is a connected person of the Company at subsidiary level.

As such, the transactions contemplated under the PRC Contractual Arrangements will constitute continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the announcement, circular and independent Shareholders' approval requirements.

Reasons for the Continuing Connected Transactions and Directors' Confirmation

Our Directors (including the independent non-executive Directors) are of the view that the PRC Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. With respect to the term of the PRC Contractual Arrangements Agreements, which is of a duration longer than three years, taking into consideration the reasons for entering into the PRC Contractual Arrangements with details set out in this section above, it is reasonable for these agreements to be for a duration of more than three years, and it is normal business practice for agreements of this type to be of such duration. In addition, the PRC Contractual Arrangements were entered into prior to the [**REDACTED**] and are disclosed in this Document, and potential [**REDACTED**] of our Company will participate in the [**REDACTED**] on the basis of such disclosure. Accordingly, notwithstanding that the transactions contemplated under the PRC Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the PRC Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

WAIVER FROM THE STOCK EXCHANGE

In relation to the PRC Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the connected transactions under the PRC Contractual Arrangements pursuant to Rule 14A.105 of the Listing

Rules, (ii) the requirement of setting an annual cap for the transactions under the PRC Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the PRC Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Class B Shares are [**REDACTED**] on the Stock Exchange, subject, however, to the following conditions:

(a) **No change without independent non-executive Directors' approval.** No change to the PRC Contractual Arrangements will be made without the approval of our independent non-executive Directors.

(b) **No change without independent Shareholders' approval.** Save as described in "(d) Renewal and reproduction" below, no change to the agreements constituting the PRC Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement, circular or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the PRC Contractual Arrangements in the annual reports of our Company (as set out in "(e) Ongoing reporting and approvals" below) will however continue to be applicable.

(c) **Economic benefits flexibility.** The PRC Contractual Arrangements shall continue to enable our Group to receive the entire economic benefits derived by the PRC Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable laws) to acquire all or part of the entire equity interests in the Consolidated Affiliated Entity Holdcos, (ii) the business structure under which the economic benefits and risks, being the profits and losses derived from the PRC Consolidated Affiliated Entities are retained by our Group, such that no annual caps shall be set on the amount of the net operating profits or losses derived from the business operations of PRC Consolidated Affiliated Entities; and (iii) our Group's absolute right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entity Holdcos.

(d) **Renewal and reproduction.** On the basis that the PRC Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entity Holdcos, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new foreign invested enterprise or operating company (including branch company) engaging in the same business as that of our Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing PRC Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new foreign invested enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the PRC Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) **Ongoing reporting and approvals.** Our Group will disclose details relating to the PRC Contractual Arrangements on an on-going basis as follows:

   (i) The PRC Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

   (ii) Our independent non-executive Directors will review the PRC Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the PRC Contractual Arrangements, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entity Holdcos to the relevant PRC Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and Consolidated Affiliated Entity Holdcos during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

(iii) Our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the PRC Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant PRC Contractual Arrangements and that no dividends or other distributions have been made by the Consolidated Affiliated Entity Holdcos to the relevant Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group.

(iv) For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as our Company's wholly-owned subsidiary, and at the same time, the directors, chief executive officers or substantial shareholders of the PRC Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding for this purpose, the PRC Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including for this purpose, the PRC Consolidated Affiliated Entities), other than those under the PRC Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

(v) Each of the PRC Consolidated Affiliated Entities will undertake that, for so long as the Shares are [**REDACTED**] on the Stock Exchange, it will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditors' review of the connected transactions.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the documentation provided by the Company and the Joint Sponsors' participation in the due diligence and discussion with the management of the Company and the PRC Legal Advisor, the Joint Sponsors are of the view that the PRC Contractual Arrangements are fundamental to our Group's legal structure and business operations, and that the PRC Contractual Arrangements have been entered into in the ordinary and usual course of business, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

The Joint Sponsors are of the view that with respect to the term of those PRC Contractual Arrangements Agreements which is of a duration longer than three years, taking into consideration the reasons for entering into the PRC Contractual Arrangements with details set out in this section above, it is reasonable for these agreements to be for a duration of more than three years, and it is normal business practice for agreements of this type to be of such duration.