OVERVIEW

We have entered into Contractual Arrangements with our connected persons and transactions contemplated thereunder will continue after the [**REDACTED**] and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

The table below sets forth certain parties who will become our connected persons upon [**REDACTED**] and the nature of their relationship with our Group:

Name of the connected person	Relationship with our Group
Ms. Lyu	Non-executive Director and spouse of our executive Director and chief executive officer and our Controlling Shareholder
Mr. Wang	Executive Director and our substantial shareholder

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transactions	Applicable Listing Rules	Waiver sought
Non-exempt Continuing Connected Transactions		
Contractual Arrangement	14A.35-36 14A.46 14A.49 14A.52-59 14A.105	Announcement, circular, independent Shareholders' approval, annual caps and terms of agreements not exceeding three years

CONTRACTUAL ARRANGEMENTS

Background

As disclosed in section headed "Contractual Arrangements" in this document, certain business of our Group carried out in the PRC by the Consolidated Affiliated Entities (the "**Relevant Business**") are subject to foreign investment prohibitions or restrictions on foreign ownership. Therefore, our Company, as a foreign investor, is prohibited or restricted from holding equity interest in Consolidated Affiliated Entities, which currently hold licenses required for carrying out our edge cloud and AI cloud services in the PRC. In order to conduct the Relevant Business in compliance with the applicable PRC laws and regulations, Shanghai DAO, our wholly-owned subsidiary, has entered into the Contractual Arrangements with PPIO Shanghai and the Registered Shareholders.

The Contractual Arrangements enable us to, among others, (i) receive substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by Shanghai DAO to them; (ii) exercise effective control over the Consolidated Affiliated Entities; and (iii) hold an exclusive option to acquire all or part of the equity interests and/or the assets of the Consolidated Affiliated Entities when and to the extent permitted by the PRC laws and regulations. For further details of the Contractual Arrangements, please see section headed "Contractual Arrangements" in this document.

Listing Rules implications

Given that the Registered Shareholders, namely Ms. Lyu and Mr. Wang, are connected persons of our Company, the transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company.

Our Directors (including the independent non-executive Directors) are of the view that (i) the Contractual Arrangements are fundamental to the legal structure and business of our Group; and (ii) the Contractual Arrangements are 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 our Shareholders as a whole.

Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any other transactions, contracts and agreements related thereto or renewal of existing transactions, contracts and agreements to be entered into by, among others, any other member of our Group on the other side (the "**Intragroup Transactions**") technically constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon [**REDACTED**], our Directors consider that, the Contractual Arrangements are fundamental to the legal structure and the business operation of our Group, 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, including, among others, the announcement, circular and independent Shareholders' approval requirements.

Waiver applications for the Contractual Arrangements

In respect of the Contractual Arrangements, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of (i) the announcement, circular and independent Shareholders' approval under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [**REDACTED**] on the Stock Exchange, subject to the following conditions:

(i) No change without independent non-executive Directors' approval

No change to any of the agreements constituting the Contractual Arrangements will be made without the approval of our independent non-executive Directors.

(ii) No change without independent Shareholders' approval

Save as described in paragraph (iv) below, no change to any of the agreements constituting the Contractual Arrangements will be made without the independent Shareholders' approval. Once the independent Shareholders' approval of any change has been obtained, no further announcement 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 Contractual Arrangements in the annual reports of our Company (as set out in paragraph (v) below) will continue to be applicable.

(iii) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the equity interests and/or the assets of the Consolidated Affiliated Entities at the minimum amount of consideration permitted under the applicable PRC laws, (ii) the business structure under which the profit generated by our Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Shanghai DAO by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

(iv) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and our Consolidated Affiliated Entities, 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 wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our 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 Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign-owned 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 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 the relevant PRC laws, regulations and approvals.

(v) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in the annual reports and accounts of our Company in accordance with the relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (1) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (2) no dividends or other distributions have been made by PPIO Shanghai to the Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group; and (3) any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities during the relevant financial period under paragraph (iv) above are fair and reasonable, or advantageous to our Shareholders and in the interests of our Company and our Shareholders as a whole.

- Our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the 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 Contractual Arrangements, and that no dividends or other distributions have been made by PPIO Shanghai to the Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group.

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

- Our Consolidated Affiliated Entities undertake that, for so long as the Shares are [**REDACTED**] on the Stock Exchange, our Consolidated Affiliated Entities will provide the Group's management and our Company's reporting accountants' full access to its relevant records for the purpose of their review of the continuing connected transactions.

In addition, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of (i) the announcement, circular and independent shareholders' approval in respect of the transactions contemplated under any Intragroup Transactions (as defined above) pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions contemplated under any Intragroup Transactions under Rule 14A.53 of the Listing Rules; and (iii) limiting the term of any Intragroup Transactions to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [**REDACTED**] on the Stock Exchange. The waiver is subject to the conditions that the Contractual Arrangements subsist and that our Consolidated Affiliated Entities will continue to be treated as our subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entity and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements and the Intragroup Transactions, will be subject to requirements under Chapter 14A of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

Confirmation from our Directors

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein have been and will be entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Our Directors are of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of our Consolidated Affiliated Entities can be effectively controlled by Shanghai DAO; (ii) Shanghai DAO can continuously obtain the economic benefits derived from our Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

Confirmation from the Joint Sponsors

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above Contractual Arrangements; (ii) obtained necessary representations and confirmations from our Company and the Directors; (iii) participated in the due diligence and discussions with the management of our Group and our PRC Legal Advisor; and (iv) reviewed the legal opinion of our PRC Legal Advisor on the Contractual Arrangements; and the Joint Sponsors are of the view that the Contractual Arrangements and the transactions contemplated therein have been and will be entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

With respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, the Joint Sponsors are of the view that it is a justifiable and normal business practice to ensure that (i) the financials and operation of our Consolidated Affiliated Entities can be effectively controlled by Shanghai DAO; (ii) Shanghai DAO can obtain the economic benefits derived from our Consolidated Affiliated Entities; and (iii) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented on an uninterrupted basis.