
CONNECTED TRANSACTIONS

Upon Listing, transactions between our Group and our connected persons will constitute our connected transactions or continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

<u>Connected Person</u>	<u>Connected Relationship</u>
SVF Sense (Singapore) Pte. Ltd. (“ SoftBank SPV ”)	As of the Latest Practicable Date, Softbank SPV directly held approximately 14.88% interest in our share capital. Immediately following the completion of the Global Offering (assuming (i) the Over-allotment Option is not exercised, and (ii) each Ordinary Share held by Amind, XWorld, Infinity Vision and Vision Worldwide is converted into one Class A Share of US\$0.000000025 par value each and each Ordinary Share held by Shareholders other than Amind, XWorld, Infinity Vision and Vision Worldwide, and each Preferred Share is converted into one Class B Share of US\$0.000000025 par value each), Softbank SPV will hold approximately 14.21% interest in our share capital, and will therefore be our substantial Shareholder and a connected person.
33 Wyndham Street Tenant Limited (“ WeWork HK ”)	WeWork HK is an indirect subsidiary of WeWork Inc., a 30%-controlled company of SoftBank Group Corp which is in turn the holding company of Softbank SPV. Therefore, WeWork HK is our connected person.
WeWork Middle East Gazelle Limited (“ WeWork Abu Dhabi ”)	WeWork Abu Dhabi is an indirect subsidiary of WeWork Inc., a 30%-controlled company of SoftBank Group Corp which is in turn the holding company of Softbank SPV. Therefore, WeWork Abu Dhabi is our connected person.
ST Solutions Taiwan Co., Ltd. (台灣思佰股份有限公司) (“ ST Solutions Taiwan ”)	ST Solutions Taiwan is a wholly-owned subsidiary of SoftBank Corp., a 30%-controlled company of SoftBank Group Corp which is in turn the holding company of Softbank SPV. Therefore, ST Solutions Taiwan is our connected person.
Japan Computer Vision Corp. (“ JCV ”)	JCV is a wholly-owned subsidiary of SoftBank Corp., a 30%-controlled company of SoftBank Group Corp which is in turn the holding company of Softbank SPV. Therefore, JCV is our connected person.

CONNECTED TRANSACTIONS

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

No.	Nature of transactions	Applicable Listing Rule(s)	Waiver sought	Proposed annual caps for the year ending December 31,			
				2021	2022	2023	2024
<i>(RMB in millions)</i>							
A. Fully Exempt Continuing Connected Transactions							
1.	Membership agreements with WeWork Hong Kong and WeWork Abu Dhabi	14A.76	N/A	N/A	N/A	N/A	N/A
2.	Framework agreement with ST Solutions Taiwan	14A.76	N/A	N/A	N/A	N/A	N/A
B. Non Exempt Continuing Connected Transaction							
3.	Distributorship agreement with JCV	14A.35, 14A.36, 14A.53 and 14A.105	Announcement, circular and independent Shareholders' approval requirements	169.8	238.0	333.5	466.5
C. Contractual Arrangement							
4.	Contractual Arrangement	14A.34 to 36, 14A.49,14A.52 to 53,14A.59,14A.105	Announcement, circular, independent Shareholders' approval, annual cap and term of agreements limited to three years requirements	N/A	N/A	N/A	N/A

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Membership agreements with WeWork HK and WeWork Abu Dhabi

During the Track Record Period, (i) SenseTime HK entered into a membership agreement with WeWork HK, pursuant to which SenseTime HK leased co-working office space from WeWork HK for a period from January 1, 2019 to December 31, 2021; and (ii) SenseTime Abu Dhabi entered into a membership agreement with WeWork Abu Dhabi, pursuant to which SenseTime Abu Dhabi leased co-working office space from WeWork Abu Dhabi for a period from January 1, 2021 to December 31, 2021. The membership fees were determined by the parties at arm's length negotiations with reference to prevailing market rate.

As the membership agreements were entered into and has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the highest applicable percentage ratio for the membership fees payable by our Group to WeWork Hong Kong and WeWork Abu Dhabi are expected to be less than 0.1% on an annual basis, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1).

CONNECTED TRANSACTIONS

2. Framework agreement with ST Solutions Taiwan

SenseTime International Pte. Ltd., Taiwan Branch (新加坡商湯視覺科技有限公司台灣分公司) (“**SenseTime Singapore Taiwan Branch**”) entered into a framework agreement with ST Solutions Taiwan dated September 9, 2021, pursuant to which SenseTime Singapore Taiwan Branch agreed to provide ST Solutions Taiwan with deep learning smart algorithm software and hardware products as may be stipulated in the relevant purchase order for a period from the date of the framework agreement to December 31, 2022. The prices of such software and hardware products will be determined by the parties at arm’s length negotiations with reference to prevailing market rate.

As the framework agreement was entered into and has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the highest applicable percentage ratio for the revenue attributable to our Group under the framework agreement is expected to be less than 0.1% on an annual basis, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1).

NON EXEMPT CONTINUING CONNECTED TRANSACTION

3. Distributorship Agreement with JCV

Principal terms

SenseTime HK entered into a distributorship agreement with JCV dated August 30, 2019, which were subsequently amended on October 13, 2020, December 18, 2020 and December 3, 2021 (the “**Distributorship Agreement**”) for a term expiring on December 31, 2024, subject to renewal upon the mutual consent of both parties. Pursuant to the Distributorship Agreement, (i) SenseTime HK grants to JCV the distributorship rights to import, distribute and sell in various markets (including Japan) hardware products and software products; and (ii) SenseTime HK provides professional services to JCV which will be required for JCV’s customers to use or consume the hardware products and software products sold to them by JCV.

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement for continuing connected transactions shall not exceed three years, except in special circumstances where the nature of the transaction requires a longer period. Our Directors believe that the term arrangement of the Distributorship Agreement is appropriate and necessary on the basis of the following:

- (i) it is crucial for our Group to maintain long-term relationship with JCV to secure and continue to expand our customer base in the relevant markets;
- (ii) the 5-year term provides certainty, comfort and protection to our Group and JCV, enabling the parties to plan and invest over the longer term; and

CONNECTED TRANSACTIONS

- (iii) Frost & Sullivan has confirmed that the duration is generally in line with market practice in the software industry for similar cooperate agreements after taking into account the exclusive and strategic nature of the cooperation agreement.

Reasons for and benefit of the transaction

Our Directors consider that the provision of hardware products, software products and professional services to JCV would benefit our Company for the following reasons:

- (i) during the Track Record Period and up to the Latest Practicable Date, we provided hardware products, software products and professional services to JCV in our ordinary and usual course of business. The transactions contemplated under the Distributorship Agreement will ensure a stable source of revenue for our Group during its term.;
- (ii) maintaining stable relationship with JCV allows us to reach and gain access to the vast and extensive customer base of SoftBank Group Corp in the relevant markets, which accelerates the momentum of our customer network expansion and business development;
- (iii) the transactions enable us to keep pace with the evolving digital transformation requirements from customers in the relevant markets so that we could consistently enhance the security features of our offerings to meet international norms;
- (iv) JCV and our Group have established a stable and long-term relationship and understand the operational procedures, quality control and other special requirements of each other; and
- (v) prices and terms for the hardware and software products as well as professional services provided by us to JCV are no less favorable than those offered to Independent Third Parties and therefore on normal commercial terms. According to Frost & Sullivan, the transactions contemplated under the Distributorship Agreement are also in line with market practice.

Pricing policies

For the hardware products, prior to January 1, 2021, JCV shall pay to the Company (i) the relevant per unit price, which is determined on arm's length basis, taking into account the costs of the hardware products (including production costs, material costs and research and development costs) and with reference to prices generally offered by our Group to Independent Third Parties; and (ii) part of the revenue generated from the sales by JCV as recognized under Japan GAAP (the "**JCV Sales Revenue**"). Under such pricing arrangement, JCV shall pay to the Company, on monthly basis, 60% of the JCV Sales Revenue generated from the Company's hardware after deducting the sum of

CONNECTED TRANSACTIONS

the hardware product price JCV pays on per-order basis. The parties agreed to the change of pricing policies in December 2020 after accumulating experience in distributing the hardware products. It was agreed that in order to provide more incentive for JCV to expand into the local markets and increase the competitiveness of the sale of the Company's products in the relevant markets, which would translate into an increase of JCV's procurement from the Company, with effect from January 1, 2021, JCV shall only pay to the Company per unit price of the relevant hardware products, which is determined on arm's length basis and as adjusted from time to time.

For the software products, JCV shall pay to the Company part of the JCV Sales Revenue, being 60% (for before July 31, 2021) or 50% (for after August 1, 2021) of the JCV Sales Revenue generated from the Company's software on monthly basis. To cover the Company's costs incurred in localizing the products when entering into the relevant markets (such as adding new features which cater to the customers of the local markets, improving the quality and level of security of the software products and translating the user interface and documentation into various local languages), the parties agreed to a higher revenue sharing ratio of 60% for the Company during the initial two years of the Distributorship Agreement. It was contemplated that after two years, the relevant localization of the products would become more cost efficient with the leverage on previous work done, so that the parties agreed to a 50/50 revenue sharing ratio after two years.

For the professional services, JCV shall pay to the Company the services fees based on the nature and scope of the services, and the man-hour used for the relevant services.

Historical amounts

For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, the aggregate transaction amounts in connection with the Distributorship Agreements were nil, RMB2.7 million, RMB164.4 million and RMB66.0 million, respectively.

Annual Caps

In relation to the Distributorship Agreements, the transaction amounts to be paid by JCV to SenseTime HK for the four years ending December 31, 2024 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,			
	2021	2022	2023	2024
		<i>(RMB in millions)</i>		
Transaction amounts to be paid by JCV to SenseTime HK	169.8	238.0	333.5	466.5

CONNECTED TRANSACTIONS

Basis of caps

In arriving at the above annual caps, our Directors have considered, among other things, the following factors:

- (i) the estimated increase of demand of our hardware and software products and services in the relevant markets for the four years ending December 31, 2021, 2022, 2023 and 2024, taking into account the overall development of the markets, our business and the industry. In particular, the demand for our hardware and software products and services in Japan is expected to increase at a higher rate in the second half of 2021 as a result of the anticipated economic recovery benefiting from the Tokyo Olympics. We expect there will be a steady increase in the number and size of orders in the second half of 2021 compared to the first half of 2021 as evidenced by (1) the monthly average number of orders made by JCV to us between July and October 2021 is higher than that for the first half of 2021 and (2) JCV have been engaging with multiple new enterprise customers which made or intended to make bulk purchases of our software and hardware products. Further, the COVID-19 pandemic is expected to gradually accelerate the digital transformation of enterprises and city management, indicating more opportunities for the AI industry;
- (ii) the costs and prices of the hardware and software products as well as the service fee rates for the professional services offered to JCV;
- (iii) our business strategies to extend the deployment of our AI models to empower more IoT devices across industries and regions and to expand our product offerings. We have become more familiar with the local markets and developed capabilities to identify demand and offer products appealing to the relevant markets. For instance, for the Japanese market, we first established our local presence by offering quality hardware products catering to Japanese customers, and at the same time gradually developed our localized software products to increase customer loyalty;
- (iv) the trend of our customer mix. There was an increasing number of well-established and large-scale enterprise customers in the relevant markets during the Track Record Period. These customers span across a wide spectrum of industries (including global conglomerates, market leaders in the retail, construction, logistics and pharmaceutical sectors, public transport companies and recreational facilities such as airports, railway companies and sports stadiums) and have greater purchasing power and more sophisticated needs. Their contract amounts with JCV are relatively higher on average. They generally enter into long-term agreements with JCV and make recurring and repeated purchases. These customers are also more inclined to purchase a broader range of products due to their diversified business lines. We expect that there will be more large-scale enterprise customers who will need a variety of our technologies and solutions as well as long term technical support; and
- (v) the historical transaction amounts with JCV during the Track Record Period.

CONNECTED TRANSACTIONS

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Distributorship Agreements for each of the years ending December 31, 2021, 2022, 2023 and 2024 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

CONTRACTUAL ARRANGEMENT

4. Contractual Arrangement

Background

Due to regulatory restrictions on foreign ownership in the PRC, our Consolidated Affiliated Entities in the PRC are consolidated and controlled through Contractual Arrangement. See "Contractual Arrangement" in this prospectus for further detailed terms of the Contractual Arrangement.

Listing Rules implications

The transactions contemplated under the Contractual Arrangement constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangement, namely Yang Fan and Ma Kun, are connected persons of our Group.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangement 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 our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangement and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of our Consolidated Affiliated Entities and any member of our Group ("**New Intergroup Agreements**") and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangement, 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 annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules and the requirement of limiting the term of the Contractual Arrangement to three years or less under Rule 14A.52 of the Listing Rules.

CONNECTED TRANSACTIONS

INTERNAL CONTROL PROCEDURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee under our Board is responsible for the review on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the audit committee under our Board, our Board and various internal departments of our Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the audit committee under our Board, our Board and various internal departments of our Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy; and
- when considering the service fees, and other fees provided to us by the above connected persons, our Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between our Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

CONFIRMATION BY DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that (i) the non exempt continuing connected transactions set out above have been and will be entered into in the ordinary and usual course of business on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole; (ii) the proposed annual caps in respect of non-fully exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the duration of the Distributorship Agreement is justifiable and normal business practice for agreements of this type to provide certainty, comfort and protection to the Group and that therefore the duration is fair and reasonable and in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

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

CONFIRMATION BY THE JOINT SPONSORS

Based on due diligence findings, including but not limited to the confirmation of the industry consultant and information provided by the Company, the Joint Sponsors are of the view that (i) the continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of the Company on normal commercial terms or better that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the proposed annual caps (if any) of the continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the duration of the Distributorship Agreement is normal business practice for agreements of this type.

With respect to the term of the relevant agreements underlying the Contractual Arrangement which are of a duration longer than three years, the Joint Sponsors are of the view that it is normal business practice for the Contractual Arrangement to be a term greater than three years.

WAIVER GRANTED BY THE STOCK EXCHANGE

Non exempt connected transaction (excluding the Contractual Arrangement)

In respect of the non exempt continuing connected transaction as described above under “ Non Exempt Connected Transaction – 3. Distributorship Agreement with JCV”, the highest applicable percentage ratio of the transactions under the Distributorship Agreement for each of the years ending December 31, 2021, 2022, 2023 and 2024 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, pursuant to Rule 14A.76(2) of the Listing Rules, such transaction will, upon Listing, constitute continuing connected transaction of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Listing Rules.

As the above non exempt continuing connected transaction is expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement and

CONNECTED TRANSACTIONS

independent Shareholders' approval requirements will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with (i) the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the transactions under the Distributorship Agreement, provided that the total amount of transactions December 31, 2021, 2022, 2023 and 2024 will not exceed the relevant proposed annual caps as set out in this section; and (ii) the requirement of independent Shareholders' approval under Rule 14A.36 of the Listing Rules. The independent non-executive Directors and auditors of the Company will review whether the transactions under the above continuing connected transaction have been entered into pursuant to the principal terms and pricing policies under the agreement as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

Contractual Arrangement

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

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

No change to the Contractual Arrangement (including with respect to any fees payable to VIE WFOE) will be made without the approval of our independent non-executive Directors.

(b) No change without independent Shareholders' approval

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

(c) Economic benefits and flexibility

The Contractual Arrangement 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

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so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests and assets for nil consideration or the minimum amount of consideration as permitted by 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 VIE WFOE by our Consolidated Affiliated Entities under the exclusive business cooperation agreements, and (iii) our Group's right to control the management and operation of, as well as, in substance, the controlling voting rights of our Consolidated Affiliated Entities.

(d) Renewal and reproduction

On the basis that the Contractual Arrangement 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 our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced (i) upon the expiry of the existing arrangements or (ii) in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch companies), 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 Arrangement. The directors, chief executives or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch companies) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangement, however, be treated as connected persons of our Company and the transactions between these connected persons and our Company other than those under similar contractual arrangement shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

All renewed or reproduced framework will be on substantially the same terms and conditions as the existing Contractual Arrangement.

(e) Ongoing reporting and approvals

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

- The Contractual Arrangement 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;
- Our independent non-executive Directors will review the Contractual Arrangement annually and confirm in our Company's annual report for the relevant years that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangement; (ii) no dividends or other

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distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests 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 our Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, as far as our Group is concerned and in the interests of our Shareholders as a whole;

- Our Company’s auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangement 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 Arrangement, and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests 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”, the Consolidated Affiliated Entities will be treated as our Company’s subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and its respective associates will be treated as connected persons of our Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangement, will be subject to requirements under Chapter 14A of the Listing Rules;
- Our Consolidated Affiliated Entities will undertake that, for as long as the Class B Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group’s management and our Company’s auditors full access to its relevant records for the purpose of our Company’s auditor’s review of the connected transactions;
- In addition, we have applied to the Stock Exchange, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements, (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities pursuant to any New Intergroup Agreements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of any New Intergroup Agreement to three years or less under Rule 14A.52 of the Listing Rules, for so long as Shares are listed on the Stock Exchange subject however to the condition that the Contractual Arrangement subsist and that the Consolidated Affiliated Entities will continue to be treated as our Company’s subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and their associates will be treated as connected persons of our Company (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangement, will be subject to requirements under Chapter 14A of the Listing Rules.

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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.