

CONNECTED TRANSACTIONS

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

SUMMARY OF OUR CONNECTED PERSONS

The following table sets forth the connected persons of our Company which have entered into continuing connected transactions framework agreements with the Company and the nature of their relationship with our Group.

Connected Person	Connected Relationship
Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) (“ Tencent Computer ”)	Tencent Computer is a subsidiary of Tencent Group, the parent company of our substantial shareholder Tencent Mobility. Therefore, Tencent Computer is a connected person of our Company.
Tencent Music Entertainment Technology (Shenzhen) Co., Ltd. (騰訊音樂娛樂科技(深圳)有限公司) (“ TME Shenzhen ”)	TME Shenzhen is a subsidiary of Tencent Music Entertainment Group (listed on New York Stock Exchange, stock code: TME) (“ TME Group ”), which is a subsidiary of Tencent. Therefore, TME Shenzhen is a connected person of our Company.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transactions	Applicable		Proposed annual cap for the year ending December 31,		
	Listing Rules	Waiver sought	2022	2023	2024
<i>(RMB in thousands)</i>					
Continuing Connected Transactions with Tencent and its associates					
Non-exempt continuing connected transactions					
1. Drama Series and Movies Copyrights Licensing Framework Agreement	14A.34 14A.35 14A.36 14A.53 14A.105	Announcement, circular and independent Shareholders’ approval requirements	783,400	886,800	1,322,700
2. Advertisements Production Services Framework Agreement	14A.34 14A.35 14A.76 14A.105	Announcement requirement	7,400	5,100	9,100
3. Music Copyrights Licensing Framework Agreement	14A.34 14A.35 14A.76 14A.105	Announcement requirement	6,000	6,000	6,000

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Nature of transactions	Applicable		Proposed annual cap for the year ending December 31,		
	Listing Rules	Waiver sought	2022	2023	2024
<i>(RMB in thousands)</i>					
Contractual Arrangements					
4. Contractual Arrangements	14A.34 14A.35 14A.36 14A.49 14A.52-59 14A.71 14A.105	Announcement and independent Shareholders’ approval requirements, the requirement of setting an annual cap and the requirement of limiting the term of the Contractual Arrangements to three years or less	N/A	N/A	N/A

I. Continuing Connected Transactions with the Represented Tencent Group

Non-exempt continuing connected transactions

1. Drama Series and Movies Copyrights Licensing Framework Agreement

Parties

Our Company; and

Tencent Computer

Principal terms

We entered into a drama series and movies copyrights licensing framework agreement with Tencent Computer (for itself and on behalf of the group members of Tencent Group, excluding China Literature and TME Group (the “**Represented Tencent Group**”) (the “**Drama Series and Movies Copyrights Licensing Framework Agreement**”) on [●], pursuant to which our Company shall license the online broadcasting rights and distribution rights of our original drama series and movies to the Represented Tencent Group, and the Represented Tencent Group shall pay licensing fees to our Company.

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Separate underlying agreements will be entered into between the parties to set out the detailed terms, including details of the drama series and movies, term of license, scope of license and exclusivity, broadcasting schedule, licensing fee and milestone payment schedules, based on the principles and within the parameters provided under the Drama Series and Movies Copyrights Licensing Framework Agreement.

The initial term of the Drama Series and Movies Copyrights Licensing Framework Agreement will commence on the [REDACTED] and expire on December 31, 2024.

Reasons/benefits of the transactions

We commenced producing our original drama series and licensing the related copyrights of these original drama series to major TV channels and online video platforms since our inception. Substantially all our original drama series are broadcast on both TV channels and various online video platforms. In addition, we also engage in the production and distribution of movies. Tencent Video, the online video platform operated by the Represented Tencent Group, is a market-leading online entertainment service provider in China and its platform features popular original content, as well as a comprehensive selection of professionally produced and partner-generated content. We started to license the broadcasting rights of our original drama series to Tencent Video since 2015 and our self-produced movies since 2020. As such, the broadcasting rights licensing arrangements under the Drama Series and Movies Copyrights Licensing Framework Agreement are in the ordinary and usual course of our business.

According to Frost & Sullivan, the number of web series broadcast by Tencent Video, including the web series that are produced by Tencent Video or directly purchased by it from third-party companies or produced by third-party companies that are commissioned by Tencent Video, reached 73, 101 and 97 in 2018, 2019 and 2020, respectively. As such, Tencent Video has a massive demand for high-quality content generated by professional producers like us. By entering into the Drama Series and Movies Copyrights Licensing Framework Agreement, we believe we can enhance our distribution network and business relationship with the Represented Tencent Group, which has been a major player in content distribution market with sizable procurement budgets for drama series and movies. Besides, we believe that licensing the copyrights of the drama series and movies produced by us to Tencent Video could be mutually beneficial to both parties by satisfying Tencent Video's demand for high-quality contents as well as enabling us to generate revenue. In addition, the prices and terms offered by our Company to the Represented Tencent Group are no more favorable than those offered to our other customers which are Independent Third Parties, hence the licensing arrangements under this Drama Series and Movies Copyrights Licensing Framework Agreement are profitable and are in the interests of the Company and our Shareholders as a whole.

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Pricing policy

The licensing fees we charge the Represented Tencent Group shall be determined after arm's length negotiation between the parties with reference to the prevailing market price and various commercial factors, including the overall market conditions and trends, the total investment amount, the scope of license and exclusivity, the broadcasting schedules, the theme, the expected popularity and target audience base of the drama series and movies as well as our target profit margin. However, given that each of the drama series and movies has its unique features and the above factors are not generic in nature which highlights the versatility and distinctiveness of each drama series, there is no quantitative formula for determining the purchase prices of the copyrights of the drama series or the movies, which will be subject to arm's length negotiations between the relevant parties.

The aforesaid pricing policies are no more favorable than those available to our other independent customers.

Historical amounts

For the three years ended December 31, 2021, the revenue generated by our Group from licensing drama series and movies by the Represented Tencent Group were nil, RMB450.7 million and RMB180.7 million, respectively.

Annual caps

The following table sets forth the proposed annual caps under the Drama Series and Movies Copyrights Licensing Framework Agreement:

	Proposed annual caps for the year ending December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue to be generated by our Group from licensing drama series and movies to the Represented Tencent Group	783,400	886,800	1,322,700

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Basis of caps

When estimating the annual caps, our Directors have taken into consideration the following factors, including:

- (i) During the Track Record Period, the revenue generated by our Group from licensing drama series and movies to the Represented Tencent Group mainly depended on the number of drama series we produced and licensed to the Represented Tencent Group. During the Track Record Period, “Nothing but Thirty” (三十而已) and “To Fly with You” (陪你逐風飛翔), both original drama series produced by us, were licensed to the Represented Tencent Group in 2020 and 2021, respectively. For further details, see “Business – Relationship with Tencent Group – Cooperation with Tencent Group during the Track Record Period”;
- (ii) the unperformed contractual amounts under the existing drama series and movies copyrights licensing agreements we have entered into with the Represented Tencent Group;
- (iii) the estimated number of our original drama series and movies to be licensed to the Represented Tencent Group in the next three years;
- (iv) the estimated number of episodes of each of our pipeline drama series for copyrights licensing to the Represented Tencent Group; and
- (v) the estimated rating of our pipeline drama series and movies for copyrights licensing to Represented Tencent Group and the corresponding prevailing market price range per episode of the drama series and the movies.

Listing Rules implications

In respect of the transactions under the Drama Series and Movies Copyrights Licensing Framework Agreement, as the highest applicable percentage ratio for the three years ending December 31, 2024 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirements under Rule 14A.35 of the Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

2. *Advertisements Production Services Framework Agreement*

Parties

Our Company; and

Tencent Computer

Principal terms

We entered into a customized creative advertisement production framework agreement (the “**Advertisements Production Services Framework Agreement**”) with Tencent Computer (for itself and on behalf of the Represented Tencent Group excluding China Literature Limited, TME Group and their subsidiaries) on [●], pursuant to which our Company shall produce made-to-order customized creative advertisement for our drama series to be broadcasted on the Represented Tencent Group’s platforms, in exchange for production service fees payable by the Represented Tencent Group. More specifically, the Represented Tencent Group entrusts our Company in creating advertisements script, providing the scenes and props, shooting, producing and delivering the advertisements film upon their request.

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including content and details of the customized creative advertisements, broadcasting schedule, production service fee and milestone payment schedules based on the principles and within the parameters provided under the Advertisements Production Services Framework Agreement. The definitive terms of each of such underlying agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm’s length negotiation between the parties.

The initial term of the Advertisements Production Services Framework Agreement will commence on the [REDACTED] and expire on December 31, 2024.

Reasons/benefits for the transaction

Video platforms (including Tencent Video) usually sell customized creative advertisement spots in the drama series broadcast on them to generate promotion fees. Tencent Video is a market-leading video platform in China and its platform features popular content that can reach broad audience. Therefore, Tencent Video attracts a large number of business partners who intend to promote their brands on Tencent Video platform. To satisfy the demand of Tencent Video for customized creative advertisement production, we provide customized creative advertisement production service to Tencent Video regarding our original drama series. Including customized creative advertisements when broadcasting our drama series is able to increase the commercial value of such series and enhances the potential of our drama series to attract investment as well as

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broadcasting resources in the future. At the same time, the Represented Tencent Group could promote the brand and influence of their business partners for broadcasting the customized creative advertisements in our relevant drama series.

As such, the advertisements production arrangements under the Advertisements Production Services Framework Agreement are in the ordinary and usual course of our business and are in the interests of the Company and our Shareholders as a whole.

Pricing policy

The production service fees we charge the Represented Tencent Group shall be determined based on negotiations between the parties on a cost-plus basis taking into consideration our target profit margin for the production services we provide and with reference to the overall market conditions and trends, prevailing market price and various commercial factors, including the rating and popularity of the drama series, the commercial ability to attract advertisement of the online video platform and our production expenses.

The aforesaid pricing policies are no more favorable than those available to our other independent counterparties.

Historical amounts

For the three years ended December 31, 2021, the revenue generated by our Group from the production of the customized creative advertisements for the Represented Tencent Group were RMB4.1 million, RMB1.6 million and RMB0.5 million, respectively.

Annual caps

The following table sets forth the proposed annual caps under the Advertisements Production Services Framework Agreement:

	Proposed annual caps for the year ending December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue to be generated by our Group from the production of the customized creative advertisements for the Represented Tencent Group	7,400	5,100	9,100

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Basis of caps

When estimating the annual caps, our Directors have taken into consideration the following factors, including:

- (i) During the Track Record Period, the revenue contribution from production of the customized creative advertisements for the Represented Tencent Group largely depended on our cooperation with the Represented Tencent Group in respect of the drama series we produced and their respective production mode. For further details of the drama series we cooperated with Represented Tencent Group during the Track Record Period, see "Business – Relationship with Tencent Group – Cooperation with Tencent Group during the Track Record Period":
- (ii) the unperformed contractual amounts under the existing customized creative advertisement production agreements we have entered into with the Represented Tencent Group;
- (iii) the estimated number of our original drama series to be broadcasted on the Represented Tencent Group's platforms in the near future; and
- (iv) the estimated rating of our pipeline drama series and the expected demand for the customized creative advertisement production service from Represented Tencent Group during the term of the Advertisements Production Services Framework Agreement.

Listing Rules implications

In respect of the transactions under the Advertisements Production Services Framework Agreement, as the highest applicable percentage ratio for the three years ending December 31, 2024 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but less than 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirements under Rule 14A.35 of the Listing Rules.

3. *Music Copyrights Licensing Framework Agreement*

Parties

Our Company; and

TME Shenzhen

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Principal terms

We entered into a music copyrights licensing framework agreement with TME Shenzhen (the “**Music Copyrights Licensing Framework Agreement**”) on September 29, 2021, pursuant to which we shall license TME Shenzhen and/or its associates, among others, to promote, distribute, sub-license and broadcast certain music used in our original drama series for which we own copyrights, and TME Shenzhen and/or its associates shall pay to our Company a pre-paid licensing fee and royalties calculated as certain percentage shares of the revenue with respect to the music licensed by us. TME Shenzhen and/or its associates may broadcast such music on all of its platforms, including its websites, apps and game products for the purpose of online streaming, downloading, online karaoke, polyphonic ringtone, etc.

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including details of the music played in our original drama series, term of license, scope of license, broadcasting platforms, formats and products involved and the corresponding revenue sharing percentage of our Company based on the principles and within the parameters provided under the Music Copyrights Licensing Framework Agreement. The definitive terms of each of such underlying agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm’s length negotiation between the parties.

The initial term of the Music Copyrights Licensing Framework Agreement will commence on the [REDACTED] and expire on December 31, 2024.

Reasons/benefits of the transactions

We started to cooperate with Tencent Music on the licensing of music copyrights in 2020. One core part of our business is producing original drama series and for some drama series we may own the full copyrights of the music played therein. Licensing the related broadcasting rights of these music to professional music platforms enables us to generate profits from such copyrights. In addition, the promotion of music played in our original drama series, as one of the common methods for the advertisement and promotion of the drama series, is able to increase the influence and commercial value of our drama series, which could further enhance the potential of our drama series to attract investment as well as broadcasting resources in the future. TME Group is a market-leading online music entertainment service provider in China and its music-related platforms features popular music content and has an extensive user base globally. As such, the broadcasting licensing arrangements under the Music Copyrights Licensing Framework Agreement are in the ordinary and usual course of our business and are in the interests of the Company and our Shareholders as a whole.

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Pricing policy

The pre-paid licensing fees we charge TME Shenzhen and/or its associates, as well as the revenue sharing percentage of the royalties shall be determined after arm's length negotiation between the parties with reference to the prevailing market price and various commercial factors, including the overall market conditions and trends, the drama series in which the music played in, such as its rating, popularity and theme, the amount of music in each drama series, the scope of license, as well as the expected popularity and target audience base of the music played in our drama series. The royalties will be charged based on the revenue generated by TME Shenzhen from different monetization methods of the music licensed by us, including through the album or single-song purchase, membership subscription, advertisements, virtual gifting, and broadcast of music on the Karaoke or live streaming platforms.

The aforesaid pricing policies are no more favorable than those available to other Independent Third Parties.

Historical amounts

For the three years ended December 31, 2021, the revenue generated by our Group from licensing the music played in our drama series to TME Shenzhen and/or its associates were nil, RMB2.8 million and RMB2.0 million, respectively.

Annual caps

The following table sets forth the proposed annual caps under the Music Copyrights Licensing Framework Agreement:

	Proposed annual caps for the year ending December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue to be generated by our Group from licensing the music played in our drama series to TME Shenzhen and/or its associates	6,000	6,000	6,000

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Basis of caps

When estimating the annual caps, our Directors have taken into consideration the following factors, including:

- (i) the unperformed contractual amounts under the existing music copyrights licensing agreements we have entered into with TME Shenzhen and/or its associates;
- (ii) the estimated number of the original drama series in which our Company shall have copyrights in the near future; and
- (iii) the estimated popularity and corresponding prevailing market price of these music to be played in the original drama series in our pipeline.

Listing Rules implications

In respect of the transactions under the Music Copyrights Licensing Framework Agreement, as the highest applicable percentage ratio for the three years ending December 31, 2024 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but less than 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirements under Rule 14A.35 of the Listing Rules.

IV. Contractual Arrangements

4. Contractual Arrangements

Background

As disclosed in the section headed “Contractual Arrangements” in this document, due to regulatory restrictions on foreign ownership in Relevant Businesses in the PRC, we conduct a portion of our business through our Consolidated Affiliated Entities in the PRC. We do not hold any equity interests in our Consolidated Affiliated Entities which are held by Mr. Su, Ms. Chen, Ms. Xu, Mr. Zhou, Tencent Investment, Shanghai Guanhong, Shanghai Guanhan, Shanghai Guoshi and Shanghai Guoyun. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by Shanghai Ninghe to the Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in Consolidated Affiliated Entities when and to the extent permitted by PRC laws.

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See the section headed "Contractual Arrangements" in this document for further detailed terms of the Contractual Arrangements.

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as each of the Registered Shareholders is a connected person of the Group.

Our Directors (including the independent non-executive Directors) are of the view that the 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 Group and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements 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 our 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 Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Group 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 Arrangements to three years or less under Rule 14A.52 of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to or from Independent Third Parties, and 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 the Board is responsible for conducting reviews 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 the Board, the Investment, the Board and various other internal departments of the Company (including but not limited to the

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finance department and compliance 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 agreement;

- the Audit Committee under the Board, the Board and various other internal departments of the Company also regularly monitor the fulfilment 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 Rules 14A.55 and 14A.56 the Listing Rules that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;
- when considering service fees for the services to be provided to our Company by the above connected persons or the service fees for the services to be provided by our Company to the above connected persons, our Company will constantly research into prevailing market conditions and practices and make reference to the pricing and terms between our Company and Independent Third Parties for similar transactions, to make sure that the pricing and terms offered by the above connected persons from mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties; and
- when considering any renewal or revisions to the framework agreements after [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be), and our independent non-executive Directors and independent Shareholders have the right to consider if the terms of the non-exempt continuing connected transactions (including the proposed annual caps) are fair and reasonable, and on normal commercial terms and in the interests of our Company and our Shareholders as a whole. If the independent non-executive Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.

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WAIVERS GRANTED BY THE STOCK EXCHANGE

As the above non-exempt continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement and 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, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules in case of the Drama Series and Movies Copyrights Licensing Framework Agreement, the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the transactions under the Advertisements Production Services Framework Agreement and the Music Copyrights Licensing Framework Agreement, provided that the total amount of transactions for each of the three years ending December 31, 2024 will not exceed the relevant proposed annual caps as set out above. The independent non-executive Directors and auditors of the Company will review whether the transactions under the non-exempt continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant agreements 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.

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.

The Contractual Arrangements

In respect of the Contractual Arrangements, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted] to our Company, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transaction under the Contractual Arrangements under Rule 14A.53 of the Listing Rules and (iii) the requirement of limiting 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, however, to the following conditions:

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

No change to the Contractual Arrangements (including with respect to any fees payable to Shanghai Ninghe thereunder) will be made without the approval of our independent non-executive Directors.

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(b) No change without independent Shareholders' approval

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once 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 (e) below) will, however, continue to be applicable.

(c) Economic benefit flexibility

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

(d) 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 the one hand, and the 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 Company which our Company 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 executive 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 Company which our Company 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 relevant PRC laws, regulations and approvals.

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(e) 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 our Company's annual reports and accounts 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 reports 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 Arrangements, (ii) 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 Company, and (iii) any new contracts entered into, renewed or reproduced between our Company and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Company is concerned and in the interests of our Company and our Shareholders as a whole.
- Our Company's auditor will carry out review procedures annually on the transactions, 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 our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Company.
- 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 Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their 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 Company (including, for this purpose, the 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 will undertake that, for so long as the Shares are [REDACTED] on the Stock Exchange, the Consolidated Affiliated Entities will provide our Company's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.

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- In addition, we have also applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver pursuant to Rule 14A.105 of the Listing Rules 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 in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Company to/from our Consolidated Affiliated Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as Shares are [REDACTED] on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the Consolidated Affiliated Entities will continue to be treated as our Company's subsidiaries, but their directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their 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 Company (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. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

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 BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transactions have been and will continue to be carried out in our ordinary and usual course of business of the Company and on normal commercial terms that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

The Directors (including the independent non-executive Directors) of our Company are of the view that the Contractual Arrangements 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 are in the interests of the Company and our Shareholders as a whole. The 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, 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 the Consolidated Affiliated Entities can be effectively controlled by Shanghai Ninghe; (ii) Shanghai Ninghe 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.

CONNECTED TRANSACTIONS

CONFIRMATION BY THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the above continuing connected transactions; (ii) obtained necessary representations and confirmation from the Company and the Directors; and (iii) participated in the due diligence and discussion with the management of the Group. Based on the above, the Joint Sponsors are of the view that the non-exempt 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 and on normal commercial terms which are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the proposed annual caps of the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Joint Sponsors are also of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which is of a duration of longer than three years, is a justifiable and normal business practice for the Contractual Arrangements of this type to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by Shanghai Ninghe; (ii) Shanghai Ninghe 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.