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Kuaishou Technology 快手科技

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(HKD Counter Stock Code: 01024 / RMB Counter Stock Code: 81024)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to (i) the section headed “Connected Transactions” in the Prospectus, in relation to, among other things, the Marketing and Promotion Services Framework Agreement, the Cloud Services and Technical Services Framework Agreement and the Payment Services Framework Agreement, (ii) the Company’s announcement dated August 25, 2021 in relation to the Supplemental Cloud Services and Technical Services Agreement, the Supplemental Marketing and Promotion Services Agreement and the Game Events Copyrights Licensing Framework Agreement, and (iii) the Company’s announcement dated May 24, 2022 in relation to the 2022 Game Co-operation Framework Agreement and the Other Marketing and Promotion Services Framework Agreement (collectively, the “**Existing CCT Agreements**”).

The Board announces that on November 21, 2023, Beijing Dajia (on behalf of the Group) and Tencent Computer (on behalf of the Represented Tencent Group) entered into (i) the 2023 Marketing and Promotion Services Framework Agreement, (ii) the 2023 Cloud Services and Technical Services Framework Agreement, (iii) the 2023 Payment Services Framework Agreement, and (iv) the 2023 Game Co-operation Framework Agreement (collectively, the “**New CCT Agreements**”), to renew the continuing connected transactions under the Existing CCT Agreements.

Listing Rule Implications

Beijing Dajia is an indirect wholly-owned subsidiary of the Company. Tencent Computer is a wholly-owned subsidiary of Tencent, which is a substantial shareholder of the Company, and is therefore a connected person of the Company. As such, the transactions under each of the New CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of each of (i) the annual caps for the service fees chargeable by the Group and the service fees payable by the Group under the 2023 Marketing and Promotion Services Framework Agreement, (ii) the annual caps for the service fees payable by the Group under the 2023 Cloud Services and Technical Services Framework Agreement, (iii) the annual caps for the service fees payable by the Group under the 2023 Payment Services Framework Agreement, and (iv) the annual caps for the fees payable by the Group under the 2023 Game Co-operation Framework Agreement, is more than 0.1% but less than 5%, each of the above transactions is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on November 21, 2023, Beijing Dajia (on behalf of the Group) and Tencent Computer (on behalf of the Represented Tencent Group) entered into the New CCT Agreements to renew the continuing connected transactions under the Existing CCT Agreements.

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

1. 2023 MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT

Principal Terms

Date

November 21, 2023

Parties

- (a) Beijing Dajia (for itself and on behalf of other members of the Group)
- (b) Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group)

Term

The term of the 2023 Marketing and Promotion Services Framework Agreement will commence on January 1, 2024 and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

Subject matters

Pursuant to the 2023 Marketing and Promotion Services Framework Agreement:

- (a) the Represented Tencent Group will provide marketing and promotion services to the Group, including but not limited to, (i) marketing and promoting the products and services which the Group develops or operates, or over which the Group has copyrights or is lawfully authorized to operate, on the platforms of the Represented Tencent Group, (ii) inviting talents from the Represented Tencent Group to market and promote products and services of the Group on the platforms of the Represented Tencent Group or the Group, (iii) providing offline marketing and promotion services to the Group, and (iv) marketing and promoting the products and services of the Group through its content co-operation with the Group;
- (b) the Group will provide marketing and promotion services to the Represented Tencent Group, including but not limited to, (i) marketing and promoting the products and services which the Represented Tencent Group develops or operates, or over which the Represented Tencent Group has copyrights or is lawfully authorized to operate, on the platforms of the Group, (ii) inviting talents from the Group to market and promote products and services of the Represented Tencent Group on the platforms of the Represented Tencent Group or the Group, (iii) providing offline marketing and promotion services to the Represented Tencent Group, and (iv) marketing and promoting the products and services of the Represented Tencent Group through its content co-operation with the Represented Tencent Group.

Separate underlying agreements will be entered into which will set out the specific scope of services, fees calculation, method of payment and other details of the arrangements in the manner provided in the 2023 Marketing and Promotion Services Framework Agreement.

Pricing arrangements

(a) Provision of marketing and promotion services by the Represented Tencent Group to the Group

Before entering into any specific agreement with the Represented Tencent Group pursuant to which the Represented Tencent Group will provide marketing and promotion services to the Group, the Group will assess its business needs, and compare the terms and conditions and services proposed by the Represented Tencent Group with those offered by other comparable marketing and promotion service providers who are independent third parties. The Group maintains regular contacts with other platforms so as to ensure that the terms offered by the Represented Tencent Group are no less favorable to the Group in comparable transactions.

The service fees payable and/or revenue/profit to be shared by the Group to the Represented Tencent Group shall be determined after arm's length negotiation between the parties with reference to (i) the effectiveness of the marketing and promotion services provided by different service providers with comparable fee schedules, which fit the budget of the Group and meet the project positioning and brand co-operation needs, (ii) the breadth of user base of various marketing and promotion platforms, (iii) the amount of resources devoted in the marketing and promotion activities, and (iv) the prevailing market rates in the industry for comparable services with similar attributes.

(b) Provision of marketing and promotion services by the Group to the Represented Tencent Group

Before entering into any specific agreement with the Represented Tencent Group pursuant to which the Group will provide marketing and promotion services to the Represented Tencent Group, the Group will compare the fees it charged for providing similar services to independent third parties to ensure that the terms (including the prices) offered to the Represented Tencent Group are no less favorable to the Group in comparable transactions.

The service fees payable and/or revenue/profit to be shared by the Represented Tencent Group to the Group shall be determined after arm's length negotiation between the parties with reference to (i) the costs of different marketing and promotion resources of the Group, and (ii) the prevailing market rates in the industry for comparable services with similar attributes.

The Group will only enter into a specific agreement with the Represented Tencent Group under the 2023 Marketing and Promotion Services Framework Agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those entered into by the Group with independent third parties for similar transactions, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

In particular, fees in respect of the marketing and promotion services provided by the Represented Tencent Group or the Group (as the case may be) under the 2023 Marketing and Promotion Services Framework Agreement shall be paid in one or more of the following manners, depending on the specific form of co-operation and the scope of services agreed between the relevant parties:

- Cost-Per-Time: charged on the basis of length of duration of marketing and promotion services provided;
- Cost-Per-Click: charged on the basis of the price of each click and the aggregate number of clicks of online users;
- Cost-Per-Mille: charged on the basis of the number of impressions (expressed in thousands) generated by online users;
- Cost-Per-Sale: charged on the basis of revenue generated from the users procured;
- Cost-Per-Activity: charged on the basis of actual conversion indicators of products, such as number of user registration, downloading, installation, activation and etc.;
- Cost-Per-Download: charged on the basis of actual download volume of products;
- fixed marketing and promotion fees;
- fees charged on the basis of number of videos;
- fees charged on the basis of the number of live streaming sessions;
- marketing and promotion revenue/profit sharing; and/or
- other fee arrangements agreed by the parties.

Annual Caps

Historical transaction amounts

The historical service fees paid by the Group to the Represented Tencent Group and those by the Represented Tencent Group to the Group in relation to their mutual provision of marketing and promotion services under the Marketing and Promotion Services Framework Agreement, the Supplemental Marketing and Promotion Services Agreement and the Other Marketing and Promotion Services Framework Agreement for the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 were as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2022	For the nine months ended September 30, 2023
	<i>(RMB in millions)</i>		
Service fees paid by the Group to the Represented Tencent Group	2,132.8	1,412.3	1,874.6
Service fees paid by the Represented Tencent Group to the Group	1,010.4	282.2	199.4

Annual caps

The annual caps for the (i) service fees payable by the Group, and (ii) the service fees payable by the Represented Tencent Group under the 2023 Marketing and Promotion Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 will be as follows:

	For the year ending December 31,		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Service fees payable by the Group to the Represented Tencent Group	2,363.0	2,248.0	2,196.0
Service fees payable by the Represented Tencent Group to the Group	753.5	768.5	828.5

Basis for the annual caps

(a) Provision of marketing and promotion services by the Represented Tencent Group to the Group

In determining the proposed annual caps in respect of service fees payable by the Group to the Represented Tencent Group, the Directors have mainly taken into account (i) the historical amounts of service fees paid by the Group in relation to the marketing and promotion services, (ii) the agreements for the marketing and promotion services which have been entered into or are under negotiation between the Group and the Represented Tencent Group, (iii) the expected volume of the user base and user engagement of the Group, (iv) the expected trend of the business growth and the investments in selling and marketing efforts of the Group, (v) the portion of the marketing and promotion services to be provided by the Represented Tencent Group among all the marketing and promotion service providers, and (vi) the estimated fee rates to be charged by the Represented Tencent Group with reference to the current market rates.

(b) Provision of marketing and promotion services by the Group to the Represented Tencent Group

The Directors expected that compared with the historical service fees paid by the Represented Tencent Group in 2022 and the nine months ended September 30, 2023, the service fees in relation to the marketing and promotion services payable by the Represented Tencent Group to the Group for the three years ending December 31, 2026 will increase. The lower historical amount of the service fees paid by the Represented Tencent Group in 2022 and the nine months ended September 30, 2023 mainly resulted from a lower spending of the Represented Tencent Group during the COVID-19 pandemic and early stage of the post-pandemic period.

Thus, in determining the proposed annual caps in respect of service fees payable by the Represented Tencent Group to the Group, the Directors have mainly taken into account the following factors on top of the historical amounts of service fees paid by the Represented Tencent Group: (i) the agreements for the marketing and promotion services which have been entered into or are under negotiation between the Group and the Represented Tencent Group, (ii) the expected development trend of the business and the investments in selling and marketing efforts of the Represented Tencent Group, and (iii) the expected increase in demand of the Represented Tencent Group for the marketing and promotion services in support of its business growth.

Reasons for the Continuing Connected Transactions under the 2023 Marketing and Promotion Services Framework Agreement

(a) Provision of marketing and promotion services by the Represented Tencent Group to the Group

Given the Represented Tencent Group is a leading player in China's internet, social network, media, games and entertainment industries with a large user base, the use of marketing and promotion services on its platforms would enable the Group to gain more popularity and reach more potential users, hence further enhancing its business growth. The Group believes that the marketing and promotion services provided by the Represented Tencent Group can help the Group continue growing its user base and increase the awareness of and familiarity with its products and services.

(b) Provision of marketing and promotion services by the Group to the Represented Tencent Group

Given that the Group is a leading content community and social platform with vibrant and engaged ecosystem participants, the provision of marketing and promotion services to the Represented Tencent Group would enable the Group to deepen its monetization capabilities and foster a more integrated ecosystem of content and commercialization.

2. 2023 CLOUD SERVICES AND TECHNICAL SERVICES FRAMEWORK AGREEMENT

Principal Terms

Date

November 21, 2023

Parties

- (a) Beijing Dajia (for itself and on behalf of other members of the Group)
- (b) Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group)

Term

The term of the 2023 Cloud Services and Technical Services Framework Agreement will commence on January 1, 2024 and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

Subject matters

Pursuant to the 2023 Cloud Services and Technical Services Framework Agreement, the Represented Tencent Group will provide cloud services and technical services to the Group, including but are not limited to computing and network, cloud servers, cloud database, cloud security, monitoring and management, domain name resolution, address resolution, video services, communication services, big data and artificial intelligence (AI) and other products and services.

Separate underlying agreements will be entered into which will set out the specific scope of services, fees calculation, method of payment and other details of the arrangements in the manner provided in the 2023 Cloud Services and Technical Services Framework Agreement.

Pricing arrangements

Before entering into any specific cloud services and technical services agreement with the Represented Tencent Group, the Group will assess its business needs, and compare the terms and conditions and services proposed by the Represented Tencent Group with those offered by other competent service providers who are independent third parties. The Group maintains regular contacts with other cloud and technical service providers, so as to ensure that the terms offered by the Represented Tencent Group are no less favorable to the Group in comparable transactions.

The service fees payable by the Group to the Represented Tencent Group shall be determined after arm's length negotiation between the parties with reference to (i) the quality, reliability and stability of cloud services and technical services of different service providers, and (ii) the service fee rates proposed by the Represented Tencent Group and the prevailing market rates for comparable services with similar attributes.

The Group will only enter into a specific agreement with the Represented Tencent Group under the 2023 Cloud Services and Technical Services Framework Agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third party service providers who can provide comparable services with similar attributes, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

In particular, fees in respect of the cloud services and technical services provided by the Represented Tencent Group to the Group under the 2023 Cloud Services and Technical Services Framework Agreement shall be paid with reference to the fee rates published on the official platforms or websites of the Represented Tencent Group where appropriate, depending on the specific form of co-operation and the scope of services agreed between the relevant parties.

Annual Caps

Historical transaction amounts

The historical service fees paid by the Group to the Represented Tencent Group in relation to the cloud services and technical services under the Cloud Services and Technical Services Framework Agreement and the Supplemental Cloud Services and Technical Services Agreement for the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 were as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2022	For the nine months ended September 30, 2023
	<i>(RMB in millions)</i>		

Service fees paid by the Group to the Represented Tencent Group	2,137.7	1,589.5	742.2
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Annual caps

The annual caps for the service fees payable by the Group to the Represented Tencent Group under the 2023 Cloud Services and Technical Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 will be as follows:

	For the year ending December 31,		
	2024	2025	2026
	<i>(RMB in millions)</i>		

Service fees payable by the Group to the Represented Tencent Group	950.0	1,020.0	1,110.0
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Basis for the annual caps

In determining the proposed annual caps in respect of service fees payable by the Group to the Represented Tencent Group, the Directors have mainly taken into account (i) the historical amounts of the service fees paid by the Group to the Represented Tencent Group in relation to the cloud and technical services, (ii) the anticipated business development of the Group, including the growth in the number of users, greater user engagement and continual development of products and services, (iii) the increasing demand for cloud and technical services to allow for a higher degree of flexibility in managing the number of servers, (iv) the expected demand of cloud and technical services that may arise from new technical exploration initiatives of the Group, and (v) the estimated fee rates to be charged by the Represented Tencent Group with reference to the current market rates.

Reasons for the Continuing Connected Transactions under the 2023 Cloud Services and Technical Services Framework Agreement

The Represented Tencent Group is a leading integrated service provider for a wide range of cloud services and technical services in the PRC and is able to provide high quality, reliable and cost-efficient services. Leveraging on the cloud services provided, part of the Group's servers have become cloud-based, allowing a higher degree of flexibility in managing the number of its servers on an as needed basis. The Group will be able to further reduce unnecessary management resources and costs by outsourcing a portion of cloud and technical services to the Represented Tencent Group.

3. 2023 PAYMENT SERVICES FRAMEWORK AGREEMENT

Principal Terms

Date

November 21, 2023

Parties

- (a) Beijing Dajia (for itself and on behalf of other members of the Group)
- (b) Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group)

Term

The term of the 2023 Payment Services Framework Agreement will commence on January 1, 2024 and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

Subject matters

Pursuant to the 2023 Payment Services Framework Agreement, the Represented Tencent Group will provide the Group with payment services through its payment channels to enable the Group's users to conduct online transactions on the Group's platform.

Separate underlying agreements will be entered into which will set out the specific scope of services, charge rates, method of payment and other details of the arrangements in the manner provided in the 2023 Payment Services Framework Agreement.

Pricing arrangements

Before entering into any specific payment service agreement with the Represented Tencent Group, the Group will assess its business needs, and compare the terms and conditions and services proposed by the Represented Tencent Group with those offered by other comparable service providers who are independent third parties. The Group maintains regular contacts with other payment service providers, so as to ensure that the terms offered by the Represented Tencent Group are no less favorable to the Group in comparable transactions.

The service fees payable by the Group to the Represented Tencent Group shall be determined after arm's length negotiation between the parties with reference to (i) the efficiency and prevalence of payment channels operated by different online payment service providers, (ii) the Group's users' preference among different online payment service providers, and (iii) the charge rates proposed by the Represented Tencent Group and the prevailing market rates for comparable services with similar attributes.

The Group will only enter into a specific agreement with the Represented Tencent Group under the 2023 Payment Services Framework Agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third party service providers who can provide comparable services with similar attributes, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

In particular, fees in respect of the payment services provided by the Represented Tencent Group to the Group under the 2023 Payment Services Framework Agreement shall be paid based on the charge rates and the calculation method as determined after arm's length negotiation between the parties with reference to market practice.

Annual Caps

Historical transaction amounts

The historical service fees paid by the Group to the Represented Tencent Group in relation to the payment services under the Payment Services Framework Agreement for the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 were as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2022	For the nine months ended September 30, 2023
	<i>(RMB in millions)</i>		
Service fees paid by the Group to the Represented Tencent Group	896.2	1,009.5	1,093.8

Annual caps

The annual caps for the service fees payable by the Group to the Represented Tencent Group under the 2023 Payment Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 will be as follows:

	For the year ending December 31,		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Service fees payable by the Group to the Represented Tencent Group	1,672.0	1,792.0	2,018.0

Basis for the annual caps

In determining the proposed annual caps in respect of service fees payable by the Group to the Represented Tencent Group, the Directors have mainly taken into account (i) the historical amounts of the service fees paid by the Group to the Represented Tencent Group in relation to the payment services, (ii) the expected expansion and growth of the Group's businesses, (iii) the historical and expected percentage of the payment services provided and to be provided by the Represented Tencent Group to the Group among all the payment service providers, and (iv) the estimated charge rates to be charged by the Represented Tencent Group with reference to the current market rates.

Reasons for the Continuing Connected Transactions under the 2023 Payment Services Framework Agreement

The Group's users mainly use online payment services to settle their payments in connection with the Group's e-commerce, live streaming and online marketing services businesses. Given that the Represented Tencent Group is a leading player in the PRC online payment service industry and many of the Group's users use the online payment services provided by the Represented Tencent Group, such co-operation would enable the Group to provide its users with convenient payment methods and therefore enhance the Group's users' satisfaction with its services.

4. 2023 GAME CO-OPERATION FRAMEWORK AGREEMENT

Principal Terms

Date

November 21, 2023

Parties

- (a) Beijing Dajia (for itself and on behalf of other members of the Group)
- (b) Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group)

Term

The term of the 2023 Game Co-operation Framework Agreement will commence on January 1, 2024 and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

Subject matters

Pursuant to the 2023 Game Co-operation Framework Agreement,

- (a) the Represented Tencent Group (or any third party sub-licensed by the Represented Tencent Group) will publish, operate and/or distribute on its platforms the games developed, operated and copyrighted by, or legally licensed to the Group (the “**Kuaishou Games**”);
- (b) the Represented Tencent Group will grant the Group a license to use the game events copyrights of the Represented Tencent Group (including the game events developed, operated, copyrighted by, or legally licensed to the Represented Tencent Group (the “**Relevant Game Events**”)) on the internet live streaming and short video platforms operated by the Group; and
- (c) the Represented Tencent Group will accept the Group as a member of the eSports league of the Represented Tencent Group, and charge the Group a percentage of certain revenue of the eSports club(s) of the Group (including but not limited to the revenue from players’ transfer, the revenue for commercialization and the revenue from sales of tickets for the game events) according to the rules formulated by the Represented Tencent Group.

Separate underlying agreements will be entered into which will set out the specific scope of license granted and/or services provided, fees calculation, method of payment and other details of the arrangements in the manner provided in the 2023 Game Co-operation Framework Agreement.

Pricing arrangements

Before entering into any specific game co-operation agreement with the Represented Tencent Group, the Group will assess its business needs, and compare the terms and conditions and services proposed by the Represented Tencent Group with those offered by other competent service providers who are independent third parties. The Group maintains regular contacts with other market players and collects market data to remain apprised of the latest market rates.

In the assessment of the fairness and reasonableness of the fee arrangements contemplated under the 2023 Game Co-operation Framework Agreement, the Group has considered the following:

- (a) for the fee or bonus payable and/or revenue/profit to be shared by the Group to the Represented Tencent Group in respect of the publication, operation and/or distribution of the Kuaishou Games, it shall be determined after arm's length negotiation between the parties with reference to (i) the prevailing market price in the industry, (ii) the prices offered by the Represented Tencent Group for providing similar services to other parties, and (iii) various commercial factors, including the nature, popularity, quality and commercial potential of the relevant games, as well as the range of ancillary rights to be agreed upon, compared with those in the market with similar attributes;
- (b) for the license fee payable by the Group to the Represented Tencent Group in relation to the Relevant Game Events, it shall be determined after arm's length negotiation between the parties with reference to (i) the procurement demands and budgets of the Group for game events copyrights, (ii) the license fees offered by the Represented Tencent Group for granting the similar license to other parties, (iii) the number of game events copyrights owned by the Represented Tencent Group, and (iv) the market performance, popularity and commercial potential of such game events, compared with those in the market with similar attributes; and
- (c) for the fee payable and/or revenue/profit to be shared by the Group to the Represented Tencent Group in respect of the Group's participation in the eSports events of the Represented Tencent Group, it shall be determined after arm's length negotiation between the parties with reference to the operating rules of the eSports league and the eSports events and the fee ratios formulated by the Represented Tencent Group, which is equally applicable to all league members of the same league. The Group pays close attention to any update of the operating rules and keeps contacts with other league members to ensure that equal treatments have been offered to the Group.

The Group will only enter into a specific agreement with the Represented Tencent Group under the 2023 Game Co-operation Framework Agreement if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third parties for similar transactions, and (ii) it is in the best interests of the Company and its Shareholders as a whole.

In particular, fees in respect of the game co-operation between the Represented Tencent Group and the Group under the 2023 Game Co-operation Framework Agreement shall be determined in one or more of the following manners on a case-by-case basis, depending on the specific form of co-operation, the nature, popularity, quality and commercial potential of the relevant games and the scope of services agreed between the relevant parties:

- (a) fees in respect of the publication, operation and/or distribution of Kuaishou Games by the Represented Tencent Group on its platform shall be paid by the Group to the Represented Tencent Group in one or more of the following manners:
 - fixed fees;
 - revenue/profit sharing between the relevant parties;
 - bonus; and/or
 - other fee arrangements agreed by the relevant parties.

- (b) fees in respect of the license for the Relevant Game Events granted by the Represented Tencent Group to the Group shall be paid by the Group to the Represented Tencent Group in one or more of the following manners:
- fixed fees; and/or
 - other fee arrangements agreed by the relevant parties.
- (c) fees in respect of accepting the Group as a member of eSports league of the Represented Tencent Group and the charges on the Group for a percentage of certain revenue from the eSports club(s) of the Group shall be paid by the Group to the Represented Tencent Group in one or more of the following manners:
- fixed fees;
 - revenue/profit sharing between the parties; and/or
 - other fee arrangements agreed by the parties.

Annual Caps

Historical transaction amounts

The historical fees paid by the Group to the Represented Tencent Group in relation to the game co-operation under the Game Events Copyrights Licensing Framework Agreement and the 2022 Game Co-operation Framework Agreement for the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 were as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2022	For the nine months ended September 30, 2023
	<i>(RMB in millions)</i>		
Fees paid by the Group to the Represented Tencent Group	102.7	88.9	56.6

Annual caps

The annual caps for the fees payable by the Group to the Represented Tencent Group under the 2023 Game Co-operation Framework Agreement for the years ending December 31, 2024, 2025 and 2026 will be as follows:

	For the year ending December 31, 2024	2025	2026
	<i>(RMB in millions)</i>		
Fees payable by the Group to the Represented Tencent Group	134.5	174.5	178.5

Basis for the annual caps

The Directors expected that compared with the historical fees paid by the Group in 2022 and the nine months ended September 30, 2023, the fees in relation to the game co-operation payable by the Group to the Represented Tencent Group for the three years ending December 31, 2026 will increase, because the Group intends to further expand its business in the fields of games and eSports given that the economy and consumption capacity is gradually recovered in the post-pandemic era, and more co-operation opportunities in the existing or new forms in such fields may be available between the Group and the Represented Tencent Group in the coming years.

Thus, in determining the proposed annual caps in respect of fees payable by the Group, the Directors have mainly taken into account the following factors on top of the historical amounts of fees paid by the Group: (i) the estimated scale and number of the Kuaishou Games to be published, operated and/or distributed by the Represented Tencent Group, and the expected lifecycles of such games, (ii) the increasing demand of the Group for the high-quality and popular game events copyrights, (iii) the expected increase of license fees to be charged by the Represented Tencent Group due to the market demands of certain hot game events, (iv) the game co-operation agreements which have been entered into or are under negotiation between the Group and the Represented Tencent Group, (v) the fee level under the operating rules of the eSports league and the eSports events formulated by the Represented Tencent Group, (vi) the expected revenue/profit from the Kuaishou Games and eSports club(s) of the Group, and (vii) the prospective growth of the eSports industry.

Reasons for the Continuing Connected Transactions under the 2023 Game Co-operation Framework Agreement

The Represented Tencent Group owns a large number of top-rated game platforms, and the Group has self-operated games. The Group intends to further expand its business in the fields of game licensing, distribution and operation, as well as to explore the eSports industry which is under rapid development. It is expected that the Represented Tencent Group and the Group could leverage on each other's competitive advantage in products and platforms to improve the popularity of games and increase the number of platform users. The Group expects that such co-operation could enable it to better reach potential users and expand its user base, which will further enhance its business growth, thereby broadening and deepening the Group's revenue streams.

OPINION OF DIRECTORS

The Directors (including the independent non-executive Directors) consider that the terms of each of the New CCT Agreements (including the proposed annual caps thereunder for the years ending December 31, 2024, 2025, and 2026) are fair and reasonable, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

Mr. Li Zhaohui, a non-executive Director of the Company, holds positions in Tencent and has therefore abstained from voting on the relevant Board resolutions approving the New CCT Agreements and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has any material interest in the matters contemplated therein nor is required to abstain from voting on the relevant Board resolutions approval the New CCT Agreements and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under the relevant framework agreements for the continuing connected transactions are fair and reasonable, and the transactions are carried out based on normal or no less favorable commercial terms, the Group has adopted the following internal control procedures:

- the Group has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for conducting reviews on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee, the Board and various other internal departments of the Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under the framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;
- the Audit Committee, the Board and various other internal departments of the 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 specific business agreements entered into under the framework agreements and closely monitors the actual transaction amounts relating to the continuing connected transactions;
- when considering the fees chargeable or payable by the Group under the framework agreements and the specific agreements, the Group will regularly research into prevailing market conditions and practices and make reference to the pricing and terms between the Group and independent third parties for similar transactions, to make sure that the terms and conditions offered by/to the connected persons (as the case may be) are fair and reasonable and are based on normal or no less favorable commercial terms than those offered by/to other comparable independent third parties;
- the business departments will oversee the monitoring, collection and evaluation of historical transaction prices and market data, including but not limited to the market practices and prevailing market rates of comparable services. Before entering into a specific agreement with the Represented Tencent Group, the relevant business departments of the Company, together with the finance department and legal department, will conduct a feasibility study, budget assessment and separate review of the individual transaction and consider the benefits and risks of the transaction on a case-by-case basis;
- all specific agreements entered into under the framework agreements will be submitted to the contract management system of the Company, through which the legal department and finance department will review the pricing policies of the specific agreements and monitor the performance of the continuing connected transactions, including (i) the fee arrangements adopted under the specific agreements (e.g. fixed fee, revenue/profit sharing, or other fee arrangements), (ii) the fees chargeable or payable by the Group within the relevant reporting period, and (iii) the status of compliance with the annual caps and utilization of the annual caps. The finance department will also provide a monthly update on the aggregate transaction amount of each type of transactions under the framework agreements;
- the Group will set a lower threshold as an internal monitoring cap. If the contracted transaction amounts reach the lower threshold, an alert message will be sent by the legal department to the business department(s), who will assess whether the annual caps of the continuing connected transactions will be sufficient for the remainder of the financial year. If it is concluded that any annual cap needs to be revised, the Group will perform the required procedures under the applicable

Listing Rules requirements. The legal and finance departments will also make enquiries with business departments from time to time to see if there is any proposed transaction of a large amount which may require the revision of annual caps;

- the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the framework agreements and provide an annual confirmation in accordance with Rule 14A.55 of the Listing Rules as to whether these transactions are in the ordinary and usual course of business of the Group and conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- the Company's external auditors will also conduct an annual review of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, including the pricing policies and the annual caps.

IMPLICATIONS OF THE LISTING RULES

Beijing Dajia is an indirect wholly-owned subsidiary of the Company. Tencent Computer is a wholly-owned subsidiary of Tencent, which is one of the Company's substantial shareholders, and is therefore a connected person of the Company. As such, the transactions under each of the New CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules, in respect of each of (i) the annual caps for the service fees chargeable by the Group and the service fees payable by the Group under the 2023 Marketing and Promotion Services Framework Agreement, (ii) the annual caps for the service fees payable by the Group under the 2023 Cloud Services and Technical Services Framework Agreement, (iii) the annual caps for the service fees payable by the Group under the 2023 Payment Services Framework Agreement, and (iv) the annual caps for the fees payable by the Group under the 2023 Game Co-operation Framework Agreement, is more than 0.1% but less than 5%, each of the above transactions is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

THE GROUP

The Group is a leading content community and social platform. It provides e-commerce services, live streaming services, online marketing services and other services to its customers.

TENCENT

Tencent (together with its group members) is a leading provider of internet value-added services in China, including communication and social, online games, digital content, advertising, FinTech and cloud services. Its shares are listed on the Stock Exchange (HKD Counter Stock Code: 00700/RMB Counter Stock Code: 80700).

Tencent Computer is a wholly-owned subsidiary of Tencent and is mainly engaged in the business of provision of value-added services and internet advertisement services in the PRC.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context requires otherwise:

“2022 Game Co-operation Framework Agreement”	the game co-operation framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group) on May 24, 2022
“2023 Cloud Services and Technical Services Framework Agreement”	the cloud services and technical services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group) on November 21, 2023
“2023 Game Co-operation Framework Agreement”	the game co-operation framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group) on November 21, 2023
“2023 Marketing and Promotion Services Framework Agreement”	the marketing and promotion services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group) on November 21, 2023
“2023 Payment Services Framework Agreement”	the payment services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group) on November 21, 2023
“Audit Committee”	the audit committee of the Board
“Beijing Dajia”	Beijing Dajia Internet Information Technology Co., Ltd. (北京達佳互聯信息技術有限公司), a company incorporated in the PRC with limited liability on July 2, 2014, and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Cloud Services and Technical Services Framework Agreement”	the cloud services and technical services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) on January 18, 2021
“Company”	Kuaishou Technology (快手科技), a company incorporated in the Cayman Islands with limited liability on February 11, 2014, the class B ordinary shares of which are listed on the Stock Exchange (HKD Counter Stock Code: 01024/RMB Counter Stock Code: 81024)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“continuing connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Game Events Copyrights Licensing Framework Agreement”	the game events copyrights licensing framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) on August 25, 2021
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marketing and Promotion Services Framework Agreement”	the marketing and promotion services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) on January 18, 2021
“Other Marketing and Promotion Services Framework Agreement”	the other marketing and promotion services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group) on May 24, 2022 for the provision of additional types of marketing and promotion services beyond the scope under the Marketing and Promotion Services Framework Agreement
“Payment Services Framework Agreement”	the payment services framework agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) on January 18, 2021
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated January 26, 2021
“Represented Tencent Group”	Tencent, its subsidiaries and consolidated affiliated entities, but excluding China Literature Limited (a company listed on the Stock Exchange with stock code: 772) and Tencent Music Entertainment Group (a company listed on the New York Stock Exchange with stock symbol: TME) and their respective subsidiaries and consolidated affiliated entities
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Cloud Services and Technical Services Agreement”	the supplemental agreement to the Cloud Services and Technical Services Framework Agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) on August 25, 2021, pursuant to which the annual caps for the service fees payable by the Group to the Represented Tencent Group under the Cloud Services and Technical Services Framework Agreement were revised
“Supplemental Marketing and Promotion Services Agreement”	the supplemental agreement to the Marketing and Promotion Services Framework Agreement entered into between Beijing Dajia (for itself and on behalf of other members of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group, China Literature Limited (a company listed on the Stock Exchange with stock code: 772) and Tencent Music Entertainment Group (a company listed on the New York Stock Exchange with stock symbol: TME) and their respective subsidiaries and consolidated affiliated entities) on August 25, 2021, pursuant to which the annual caps for the service fees chargeable by the Group and certain terms under the Marketing and Promotion Services Framework Agreement were revised
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (HKD Counter Stock Code: 00700/RMB Counter Stock Code: 80700)
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company incorporated in the PRC with limited liability on November 11, 1998, and a wholly-owned subsidiary of Tencent
“%”	percent

By order of the Board
Kuaishou Technology
Mr. Cheng Yixiao
Chairman

Hong Kong, November 21, 2023

As at the date of this announcement, the Board comprises Mr. Cheng Yixiao and Mr. Su Hua as executive Directors; Mr. Li Zhaohui, Mr. Zhang Fei, Mr. Lin Frank and Mr. Wang Huiwen as non-executive Directors; Mr. Huang Sidney Xuande, Mr. Ma Yin and Prof. Xiao Xing as independent non-executive Directors.