
CONNECTED TRANSACTION

OVERVIEW

Our Group has entered into a certain transaction with our Director prior to the Listing, and such transaction will constitute an exempt continuing connected transaction under the Hong Kong Listing Rules upon Listing.

Further, as our A Shares are listed on the Shenzhen Stock Exchange, we will continue to be subject to and regulated by the Shenzhen Stock Exchange Listing Rules and other applicable laws and regulations in the PRC as long as our A shares remain listed. However, the requirements of the Hong Kong Listing Rules in relation to connected transactions differ from those of the Shenzhen Stock Exchange Listing Rules. In particular, the definition of connected person (especially the definition of associate) pursuant to the Hong Kong Listing Rules is different from the definition of related party pursuant to the Shenzhen Stock Exchange Listing Rules. Therefore, a connected transaction pursuant to the Hong Kong Listing Rules may not constitute a related party transaction pursuant to the Shenzhen Stock Exchange Listing Rules, and vice versa.

EXEMPT CONTINUING CONNECTED TRANSACTION

Provision of counter-guarantee by our Controlling Shareholder

In April 2019, the Company issued a corporate bond in an aggregate principal amount of RMB700 million with an interest rate of 5.5% per annum (the “**Bond**”). In connection with the issuance, Shenzhen Gaoxintou Group Co., Ltd. (深圳市高新投集團有限公司) (“**Shenzhen Gaoxintou**”) guaranteed the Company’s repayment obligations under the Bond. In return, Mr. Li, our Controlling Shareholder, provided a counter-guarantee to Shenzhen Gaoxintou of such obligations. The counter-guarantee period is for a period of two years from the maturity of the Bond.

The above counter-guarantee was provided by Mr. Li in favor of us and we did not provide any security for such counter-guarantee. As the premature release of the above counter-guarantee is not in the commercial interests of our Company and its Shareholders and is not commercially viable, the counter-guarantee will continue to be in effect after the Listing. As Mr. Li is our connected person, the above counter-guarantee will constitute a connected transaction for us under Chapter 14A of the Hong Kong Listing Rules. Nonetheless, the Directors are of the view that the above counter-guarantee provided to us by Mr. Li was on normal commercial terms where no security over our Company’s assets was granted in respect of such counter-guarantee, and as such, the transaction will be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

Please see the section headed “Relationship with the Controlling Shareholders—Independence from Our Controlling Shareholders—Financial Independence” of this prospectus.