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## CONNECTED TRANSACTIONS

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We have entered into certain agreements with our connected persons, the details of which are set out below. Upon Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

### OUR CONNECTED PERSONS

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

<u>Connected person</u>	<u>Connected relationship</u>
Mr. Wang .....	an executive Director
Mr. Xu .....	an executive Director
Mr. Qin .....	a non-executive Director
Mr. Dai .....	a non-executive Director
Kijiji .....	a substantial shareholder of Netjoy Network and a wholly-owned subsidiary of Baixing Net
Wutong Holding .....	a substantial shareholder of Netjoy Network
Baixing Net .....	the holding company of Kijiji which is held as to approximately 40.84% by Mr. Wang Jianshuo, a non-executive Director, together with the persons acting in concert with him, and hence an associate of Kijiji and Mr. Wang Jianshuo

### SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

<u>Continuing connected transactions</u>	<u>Applicable Listing Rules</u>	<u>Waiver sought</u>
<b>Fully-exempt Continuing Connected Transactions</b>		
1. Online Marketing Services Framework Agreement	Rule 14A.76(1)(c)	N/A
<b>Non-exempt Continuing Connected Transactions</b>		
2. Contractual Arrangements	Rule 14A.35-36 Rule 14A.49 Rule 14A.52-59 Rule 14A.76 Rule 14A.105	Announcement, circular, independent Shareholders' approval, annual caps and terms of agreements not exceeding three years

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### FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### 1. Online Marketing Services Framework Agreement

##### *Principal terms*

On November 17, 2020, our Company (for itself and on behalf of our subsidiaries) entered into an online marketing services framework agreement with Baixing Net (together with its subsidiaries, “**Baixing Net Group**”) (for itself and on behalf of its subsidiaries), pursuant to which our Group will provide one-stop online marketing solutions to Baixing Net Group and its end advertisers, which primarily consists of user traffic acquisition, content production, raw data analysis, advertisement campaign optimization, and search engine optimization.

Separate underlying agreements will be entered into between the parties to set out the details, including category and scope of service, marketing requirements, service fee and relevant calculation basis and method of payment, based on the principles and within the parameters provided under the Online Marketing 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 Online Marketing Services Framework Agreement will commence on the Listing Date and expire on December 31, 2022 and can be renewed upon its expiry as agreed between the parties.

##### *Reasons for and benefits of the transactions*

We have long-term cooperation with Baixing Net Group since the very beginning of our business. We have provided our online marketing services to Baixing Net Group since 2014. Baixing Net Group is an advertiser itself and also an advertising agency representing its end advertisers, both of which desire to acquire consumers and realize their marketing goals through our online marketing solutions. As such, our services provided to Baixing Net Group under the Online Marketing Services Framework Agreement are in the ordinary and usual course of our business. In addition, the prices and terms offered by our Group to Baixing Net Group are no more favorable than those offered to our other customers which are Independent Third Parties, hence our online marketing services provided to Baixing Net Group are profitable and are in the interests of our Group and the Shareholders as a whole. Moreover, given that Baixing Net is one of the largest classified information platforms in the PRC in provision of local information to consumers and marketing resolutions to merchants and its customers are mainly middle-sized and startup enterprises, providing our online marketing services to Baixing Net Group and their end advertisers would optimize our customers structure and enable us to gain a stream of recurring revenue.

##### *Pricing policy*

We charge Baixing Net Group for the online marketing services provided to it and its end advertisers primarily based on CPC or CPT. We may also charge Baixing Net Group on the basis of oCPC, oCPM, CPM, or CPA models or a combination of these aforementioned models, which depends on the categories and scope of services we provide. We may grant rebates to Baixing Net Group in the form of traffic volume to incentivize and encourage them to use our solutions, which are calculated primarily based on their gross spending of our solutions with reference to the rebate policy granted by different media partners to us as well as the rebate policy that we grant to our independent customers. The aforesaid pricing policies are no more favorable than those offered to our other independent customers.

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### *Historical transaction amounts*

For the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the aggregate online marketing services fees paid by Baixing Net Group to us are approximately RMB3.05 million, RMB2.10 million, RMB4.76 million and RMB0.11 million, respectively. The decrease in the online marketing services fees paid to us in the first half of 2020 was primarily due to the reduced demand of the end advertisers of Baixing Net Group caused by the outbreak of COVID-19.

### *Listing Rules implications*

The transactions contemplated under the Online Marketing Services Framework Agreement have been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better. Our Directors expect that, for each of the three years ending December 31, 2022, the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions will be, on an annual basis, less than 5% and the total annual amount receivable by our Group will be less than HK\$3 million. As such, these transactions will, upon Listing, be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### **2. Contractual Arrangements**

#### *Background*

As disclosed in “Contractual Arrangements”, due to regulatory restrictions on foreign ownership in Relevant Businesses in the PRC, we, as foreign investors, are prohibited from holding equity interest in our Consolidated Affiliated Entity, namely Netjoy Network, which currently holds certain licenses required for carrying out the Relevant Businesses. As a result, our Group, through our wholly-owned subsidiary, Yunxiang Information, has entered into the Contractual Arrangements with Netjoy Network and the Registered Shareholders such that we can conduct our Relevant Business indirectly in the PRC through Netjoy Network while complying with the applicable PRC laws and regulations. The Contractual Arrangements enable our Group to, among others, (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entity in consideration for the services provided by Yunxiang Information to our Consolidated Affiliated Entity; (ii) exercise effective control over our Consolidated Affiliated Entity; and (iii) hold an exclusive option to acquire all or part of the equity interests in and/or the assets of our Consolidated Affiliated Entity when and to the extent permitted by the PRC laws and regulations.

The Contractual Arrangements consist of a series of agreements. For further details, see “Contractual Arrangements.”

#### *Listing Rules implications*

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangements, namely Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai, and Kijiji, all of which are the members of the Registered Shareholders, are connected persons of our Company.

The highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements is expected to be, on an annual basis, more than 5%. As such, these transactions will be subject to the reporting, annual review, announcement, circular, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Our Directors (including the independent non-executive Directors) are of the view that (i) the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the legal structure and business of our Group; and (ii) such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements related thereto or renewal of existing transactions, contracts and agreements to be entered into by, among others, our Consolidated Affiliated Entity and any member of our Group (the “**New Intergroup Agreements**”) technically constitute our continuing connected transactions under Chapter 14A of the Listing Rules after the Listing, 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 Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent Shareholders’ approval requirements.

### **WAIVERS APPLICATIONS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

#### **Contractual Arrangements**

In respect of the Contractual Arrangements, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of (i) the announcement, circular and independent Shareholders’ approval under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) 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 listed on the Stock Exchange, subject, however, to the following conditions:

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

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

***(b) No change without independent Shareholders’ approval***

Save as described in paragraph (d) below, no change to any of the agreements constituting the Contractual Arrangements will be made without the independent Shareholders’ approval. Once the independent Shareholders’ approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will, however, continue to be applicable.

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***(c) Economic benefits flexibility***

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

***(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 one hand, and our Consolidated Affiliated Entity, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

***(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 the annual reports and accounts of our Company in accordance with the relevant provisions of the Listing Rules.
- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (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 our Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entity during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

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- Our Company’s auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by our Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, our Consolidated Affiliated Entity will be treated as our wholly-owned subsidiary, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entity and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entity), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entity), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- Our Consolidated Affiliated Entity will undertake that, for so long as the Shares are listed on the Stock Exchange, our Consolidated Affiliated Entity will provide the Group’s management and the Company’s reporting accountants’ full access to its relevant records for the purpose of their review of the continuing connected transactions.

In addition, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of (i) the announcement, circular and independent Shareholders’ approval in respect of the transactions contemplated under any New Intergroup Agreements (as defined above) pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions contemplated under any New Intergroup Agreements under Rule 14A.53 of the Listing Rules, and (iii) limiting the term of any New Intergroup Agreements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange. The waiver is subject to the conditions that the Contractual Arrangements subsist and that our Consolidated Affiliated Entity will continue to be treated as our subsidiary, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entity and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entity), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entity), other than those under the Contractual Arrangements and the New Intergroup Agreements, will be subject to requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the Online Marketing Services Framework Agreement and the transactions contemplated therein have been and will be entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps (if any) for these transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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

### **CONFIRMATION FROM THE SOLE SPONSOR**

The Sole Sponsor has (i) reviewed the relevant documents and information provided by the Company in relation to the above continuing connected transactions; (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group and our PRC Legal Advisors.

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