

## CONNECTED TRANSACTIONS

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

### TRANSACTIONS WITH OUR DEEMED CONNECTED PERSON

#### 1. Suzhou Xiongze Packaging Co., Ltd. (蘇州雄澤包裝有限公司) (“Suzhou Xiongze”)

Suzhou Xiongze is a company wholly owned by the husband (the “Relative”) of Ms. Lyu Lichun (呂麗純), a sibling of Mr. Lyu. Having consulted with the Stock Exchange pursuant to Rule 14A.21 taking into account the Relative’s association with Mr. Lyu, the transaction between Suzhou Xiongze and the Group should be subject to the connected transaction requirements. For the avoidance of doubt, any other transactions between our Group and Suzhou Xiongze, if any, will be conducted in compliance with the Listing Rules (including but not limited to Rule 14A.21 of the Listing Rules).

### OUR CONTINUING CONNECTED TRANSACTION

Nature of transactions	Applicable Listing Rules	Waiver sought	Historical amounts (RMB in millions)	Proposed annual cap for the year ending December 31 (RMB in millions)
<b>Non-exempt continuing connected transaction</b>			<b>For the year ended December 31</b>	
1. Products Purchasing Framework Agreement	14A.34, 14A.35, 14A.49, 14A.52 to 14A.59, 14A.71, 14A.76 and 14A.105	Announcement requirement under Chapter 14A of the Listing Rules	2019: 35.2 2020: 36.6 2021: 44.6	2022: 45.7 2023: 50.2 2024: 55.2
			<b>For the six months ended June 30</b>	
			2022: 12.4	

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### NON-EXEMPT CONTINUING CONNECTED TRANSACTION

#### 1. Products Purchasing Framework Agreement

##### *Parties*

- (1) Suzhou Xiongze (for itself and on behalf of its subsidiaries); and
- (2) Our Group

##### *Principal terms*

On November 24, 2022, we entered into a framework agreement with Suzhou Xiongze (the “**Products Purchasing Framework Agreement**”), pursuant to which we agreed to purchase packaging and ancillary materials as well as printing materials from Suzhou Xiongze.

The initial term of the Products Purchasing Framework Agreement shall commence on the [REDACTED] until December 31, 2024.

##### *Reasons for the transaction*

During the Track Record Period, we have been purchasing packaging and ancillary materials as well as printing materials from Suzhou Xiongze to satisfy our business needs in our ordinary and usual course of business. Owing to the supplier relationship, Suzhou Xiongze has acquired a comprehensive understanding of our business and operational requirements and has established a foundation for mutual trust. Taking into account our previous procurement experience with Suzhou Xiongze, we believe that Suzhou Xiongze is capable of fulfilling our demands efficiently and reliably with a stable supply of products and materials.

##### *Pricing policies*

The procurement of products and materials from Suzhou Xiongze has been made on a cost-plus basis or based on market price, depending on the products and materials purchased.

In order to ensure that any procurement made is fair and reasonable and on normal commercial terms, we have adopted and implemented a management system in managing our suppliers and procurement, and the procurement from Suzhou Xiongze will be subject to such management system like other suppliers of our Group. Under the management system, we invite fee quotes from a list of designated suppliers maintained by us and select the supplier taking into account factors such as the estimated time of delivery of goods and the capacity of the supplier. The terms of the framework agreement entered into between our Group and Suzhou Xiongze are substantially the same as those entered into between our Group and other suppliers on our list of suppliers. Our procurement department will review the pricing terms and/or basis offered by the current suppliers on our list of suppliers on an annual basis and will compare the same against those offered by the suppliers who are not included in such list.

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### *Historical amounts*

The total procurement amount paid by us to Suzhou Xiongzze for each of the three years ended December 31, 2019, 2020, 2021, and the six months ended June 30, 2022 were approximately RMB35.2 million, RMB36.6 million, RMB44.6 million, and RMB12.4 million, respectively.

### *Annual caps*

The procurement amounts payable to Suzhou Xiongzze for the three years ending December 31, 2022, 2023 and 2024 shall not exceed the caps as set out in the table below:

	<b>Proposed annual caps for the year ending December 31</b>		
	<i>(RMB in millions)</i>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Procurement amount	45.7	50.2	55.2

### *Basis of caps*

The proposed annual caps for procurement amount are determined after taking into account: (i) our historical procurement amount from Suzhou Xiongzze for the year ended December 31, 2021; (ii) our expected growth in revenue; and (iii) our expected procurement from Suzhou Xiongzze remaining at a relatively stable rate.

### *Listing Rules implications*

As the highest applicable percentage ratio of the transactions under the Products Purchasing Framework Agreement for each of the three years ending December 31, 2022, 2023 and 2024 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Products Purchasing Framework Agreement will, upon [REDACTED], be subject to the reporting, announcement and annual review requirements but will be exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

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### INTERNAL CONTROL MEASURES

Our Group has an independent internal control, accounting and financial management system as well as an independent finance department which makes financial decisions according to our Group’s own business needs. See “Relationship with Controlling Shareholders” for further details of the independence of our Group.

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, our procurement team will be responsible for maintaining and reviewing our list of designated suppliers on an annual basis. Additionally, we will adopt the following internal control procedures:

- our various internal departments will be responsible for the control and daily management in respect of the continuing connected transactions;
- our various internal departments will be jointly responsible for evaluating the terms under the framework agreement for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- our various internal departments will regularly monitor the fulfillment status of the annual caps and the transaction updates under the framework agreement; and
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the framework agreement, on normal commercial terms and in accordance with the relevant pricing policies.

### CONFIRMATION BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transaction as set out above has been and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better 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 transaction are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

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### CONFIRMATION BY THE JOINT SPONSORS

Based on (i) the documentation and data provided by the Company, and (ii) the due diligence conducted and discussions by the Joint Sponsors with the Company, and having made reasonable inquiries and after due and careful consideration, the Joint Sponsors are of the view that, as of the date of this document, the aforesaid non-exempt continuing connected transaction has been entered into in the ordinary and usual course of business of the Company on normal commercial terms which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole, and the proposed annual caps in respect of such continuing connected transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### WAIVER GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the transactions under the Products Purchasing Framework Agreement for the term ending December 31, 2024, subject to the condition that the total amount of transactions under the Products Purchasing Framework Agreement for each of the three years ending December 31, 2022, 2023 and 2024 shall not exceed the proposed caps as set out in this section.

The independent non-executive Directors and auditors of our Company will review whether the actual transactions under the Products Purchasing Framework Agreement have been entered into pursuant to the principal terms and pricing policies under the Products Purchasing Framework Agreement. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.