
CONNECTED TRANSACTIONS

OVERVIEW

We have entered into the following transactions with our connected persons which will constitute continuing connected transactions for our Company under chapter 14A of the Listing Rules upon [REDACTED].

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Property Management Services

On [•], XXF Group entered into a property management services framework agreement (the “**Property Management Services Framework Agreement**”) with Ningde Yongsheng Property Management Co., Ltd. (寧德市永盛物業管理有限公司) (“**Ningde Yongsheng**”), pursuant to which XXF Group agreed to engage Ningde Yongsheng to provide property management services for certain offices leased by XXF Group or its subsidiaries (the “**Property Management Services**”). The Property Management Services Framework Agreement has a term commencing from the [REDACTED] to 31 December 2025.

For each of the three years ended 31 December 2022, the total service fees payable by XXF Group for the Property Management Services amounted to approximately RMB0.3 million, RMB0.2 million and RMB0.1 million, respectively. The service fees to be charged for Property Management Services are determined after arm’s length negotiations taking into account the prevailing market price of similar services in the open market and the historical fee rate.

Our Directors estimate that the maximum transaction amounts under the Property Management Services Framework Agreement for each of the three years ending 31 December 2025 will not exceed RMB0.4 million. Such estimate is based on (i) the estimated gross floor area of the properties for which Ningde Yongsheng will provide the Property Management Services; and (ii) the historical transaction amounts during the Track Record Period.

The Property Management Services Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual service contracts may be entered into between XXF Group or its subsidiaries and Ningde Yongsheng or its branches. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Property Management Services Framework Agreement.

Ningde Yongsheng is wholly owned by Fuzhou Shenghui, which is in turn owned as to approximately 4.48% by Mr. Liu Wei, our non-executive Director, and approximately 95.52% by his father and an associate of Mr. Liu Wei. Ningde Yongsheng is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

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As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Property Management Services Framework Agreement is expected to be less than 0.1% on an annual basis, such transactions will be within the *de minimis* threshold provided under Rule 14A.76 of the Listing Rules upon [REDACTED], and will be exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Connected Guarantees

Mr. Huang, his close associate and Mr. Ye Fuwei provided personal guarantees (the “**Connected Guarantees**”) in favour of our Group in respect of certain financing arrangements entered into by our Group. Please refer to the section headed “Relationship with our Single Largest Shareholder — Independence from our Single Largest Shareholder — Financial Independence” of this document for further details.

In addition, Mr. Ye Fuwei individually and/or together with our Group provided personal guarantees in favour of our Group in respect of certain financing arrangements (the “**Mr. Ye Connected Guarantees**”) entered into by our Group with an Independent Third Party creditor in an aggregate principal amount of approximately RMB38.9 million with an annual interest rate between 9.98% and 10.00%. Mr. Ye Connected Guarantees were subsisting as at the Latest Practicable Date and are expected to survive after [REDACTED].

Mr. Huang is one of our executive Directors and our substantial shareholder. Mr. Ye Fuwei is one of our executive Directors. As such, each of Mr. Huang, his close associate and Mr. Ye Fuwei is our connected person for the purpose of the Listing Rules. Accordingly, the Connected Guarantees and the Mr. Ye Connected Guarantees will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As our Directors are of the view that each of the Connected Guarantees and the Mr. Ye Connected Guarantees are on normal commercial terms to our Group and the Connected Guarantees and the Mr. Ye Connected Guarantees are not secured by assets of our Group in favour of any of Mr. Huang, his close associate or Mr. Ye Fuwei, the Connected Guarantees and the Mr. Ye Connected Guarantees are exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.90 of the Listing Rules.