CONNECTED TRANSACTION

OVERVIEW

Prior to **[REDACTED]**, our Group has entered into certain transactions with a connected person of our Company during the Track Record Period. These transactions will continue after **[REDACTED]** and constitute continuing connected transactions (as defined under the Listing Rules) of our Company. Details of these transactions are set out in the paragraph headed "Fully exempted continuing connected transactions" below.

Guangzhou Zhujia Hotel Management Company Limited* (廣州住家酒店管理有限公司) is a limited liability company established in the PRC on 12 March 2014 ("**Guangzhou Zhujia**") and is principally engaged in the management of a hotel in Panyu District, Guangzhou city of the PRC. Guangzhou Zhujia is owned by Mr. Chen and Mr. Li (both are our Controlling Shareholders and executive Directors), together with Mr. Yi Yulin (易余林) and Mr. Huang Lin (黃林) (both of whom are Independent Third Parties) as to 45%, 25%, 20% and 10%, respectively.

Mr. Chen is our executive Director and a Controlling Shareholder. By virtue of Mr. Chen holding over 30% equity interest of Guangzhou Zhujia, Guangzhou Zhujia is an associate of Mr. Chen and therefore a connected person of our Company under Chapter 14A of the Listing Rules.

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Background

During the Track Record Period and up to the Latest Practicable Date, in the ordinary course of business, Guangzhou Zhujia provided accommodation, transportation, hospitality and/or other related services (the "**Services**") to (i) Guangzhou Shenghui's employees ordinarily based in other provinces and cities of the PRC who came to Guangzhou for business purposes such as for meetings, trainings or providing support to our Group; and (ii) Guangzhou Shenghui's clients for business purpose. The aggregate amount of fees paid by Guangzhou Shenghui to Guangzhou Zhujia for the Services was approximately RMB33,150, RMB21,600 and nil for the years ended 31 December 2020, 2021 and 2022, respectively.

Framework agreement

On [•], Guangzhou Shenghui and Guangzhou Zhujia entered into a framework agreement (the "**Framework Agreement**"), pursuant to which Guangzhou Zhujia agreed to provide accommodation, hospitality, and other services to Guangzhou Shenghui (the "**Transactions**") for a term of three years with effect from the **[REDACTED]** (which can be extended or renewed), in accordance with the basic principles set out in the Framework Agreement. The basic principles require (i) the terms and conditions of the Transactions (including the pricing) to be fair and reasonable, comply with the Listing Rules relating to connected transactions, and on normal commercial terms applicable to transactions entered into by our Group with Independent Third Parties, i.e., determined after arm's length negotiation, with reference to the prevailing market rate, and no less favourable to our Group than offered by Independent Third Parties for

CONNECTED TRANSACTION

the provision of the same or similar services; and (ii) the total annual Transactions amount shall not exceed the de minimis exemption threshold under the Rule 14A.76 of the Listing Rules.

Listing Rules implication

As all applicable percentage ratios in respect of the provision of Services by Guangzhou Zhujia to Guangzhou Shenghui is expected by our Directors to fall below 0.1%, the provision of Services by Guangzhou Zhujia to Guangzhou Shenghui falls within the de minimis transaction exemption under Rule 14A.76(1)(a) of the Listing Rules and is not subject to any reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

View of our Directors

In light of the above, our Directors consider that the Framework Agreement is entered into (i) in the ordinary and usual course of our business; and (ii) on normal commercial terms or better to our Group, which are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules as and when required.