

## CONNECTED TRANSACTIONS

We have entered into certain agreements with our connected persons, the details of which are set out below. Upon [REDACTED], 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 [REDACTED] and the nature of their relationship with our Group:

Connected person	Connected relationship
Changjiu Industrial	a company owned by Ms. Li and Mr. Bo as to approximately 17.54% and 82.46%, respectively, and hence an associate of our Controlling Shareholders

### SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions	Applicable Listing Rules	Waiver sought	Proposed annual cap for the years ending December 31,		
			2023	2024	2025
<i>(RMB in thousands)</i>					
<b>Fully-exempt Continuing Connected Transactions</b>					
(1) Pledged Vehicle Monitoring Service Framework Agreement	Rule 14A.76(1)(c)	N/A	614	614	614
(2) Property Lease and Comprehensive Service Agreement	Rule 14A.76(1)(c)	N/A	2,300	2,300	N/A <sup>(1)</sup>
<b>Non-exempt Continuing Connected Transactions</b>					
(3) Automobile Dealership Operation Management Service Framework Agreement	Rule 14A.35-36 Rule 14A.49 Rule 14A.105	Announcement, circular and independent Shareholders' approval	72,000	85,000	95,000
(4) Entrustment Agreement	Rule 14A.35-36 Rule 14A.49 Rule 14A.105	Announcement, circular and independent Shareholders' approval	31,000	20,000	N/A <sup>(2)</sup>

---

## CONNECTED TRANSACTIONS

---

*Notes:*

- (1) The initial term of the Property Lease and Comprehensive Service Agreement is one year commencing from January 1, 2023 and would automatically renew for another year unless there are other arrangements between the relevant parties. Therefore, the Property Lease and Comprehensive Service Agreement is reasonably expected to last for two years considering the option to extend the lease according to IFRS 16.
- (2) The term of the Entrustment Agreement will expire on December 31, 2024.

### FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### (1) Pledged Vehicle Monitoring Service Framework Agreement

On December 11, 2023, our Company and Changjiu Industrial, for themselves and on behalf of their respective subsidiaries, entered into a pledged vehicle monitoring service framework agreement (the “Pledged Vehicle Monitoring Service Framework Agreement”), pursuant to which our Group shall provide pledged vehicle monitoring services and other ancillary services to Changjiu Group in exchange for service fees payable by Changjiu Group.

Separate underlying agreements will be entered into among the parties to set out the detailed terms, including details of service scope, service fees and payment methods, based on the principles and within the parameters provided under the Pledged Vehicle Monitoring Service 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 among the parties.

The initial term of the Pledged Vehicle Monitoring Service Framework Agreement will commence on the [REDACTED] and expire on December 31, 2025. Such term would automatically renew for a term of three years unless we serve written notice to cease cooperation.

For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the historical amounts of service fees in respect of the Pledged Vehicle Monitoring Service Framework Agreement was approximately RMB0.7 million, RMB5.1 million, RMB0.5 million and RMB0.1 million, respectively.

The proposed annual caps for the transactions under the Pledged Vehicle Monitoring Service Framework Agreement for the three years ending December 31, 2023, 2024 and 2025 are approximately RMB0.6 million for each year.

The transactions contemplated under the Pledged Vehicle Monitoring Service 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.

---

## CONNECTED TRANSACTIONS

---

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of this transaction is expected to be, on an annual basis, less than 5% and the total annual amount receivable by our Group is expected to be less than HK\$3 million, such transaction will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **(2) Property Lease and Comprehensive Service Agreement**

On January 1, 2023, Shanghai Bozhong, Changjiu Jinfu and Changjiu Industrial entered into a property lease and comprehensive service agreement (the “Property Lease and Comprehensive Service Agreement”), pursuant to which Changjiu Industrial agreed to (i) lease certain properties owned by it located at Changjiu Building, No. 99, Shigezhuang Road, Chaoyang District, Beijing, the PRC to Shanghai Bozhong and Changjiu Jinfu for office use; and (ii) provide us with comprehensive services, including property management, security and cleaning, IT, shuttle bus and staff canteen services.

The principal terms of the Property Lease and Comprehensive Service Agreement include the property rents, the scope and category of comprehensive services and relevant service fees, payment schedules and payment methods.

The Property Lease and Comprehensive Service Agreement is for an initial term of one year commencing from January 1, 2023 and would automatically renew for another year unless there are other arrangements between the relevant parties.

#### ***Accounting implications of the Property Lease and Comprehensive Service Agreement***

In accordance with the IFRSs applicable to our Group, the payments by our Group under the Property Lease and Comprehensive Service Agreement comprise different components, hence different accounting treatments will be applied. The rent and comprehensive service fees (excluding staff canteen service) of RMB5.95/sq.m./day paid by our Group is capital in nature and was recognized, among others, as assets of our Group at the commencement date of the lease. Our Group as the lessee applies the practical expedient to account for lease component and associated non-lease components as a single lease component. Therefore, the rent and comprehensive service fees (excluding staff canteen service) will be regarded as an acquisition of a capital asset and a one-off connected transaction of the Company for the purpose of the Listing Rules. Under IFRS 16, our Group shall recognize (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expense is calculated based on lease liability balance using the effective interest rate method. Staff canteen service fees paid by our Group was recognized as expenses in profit or loss.

Pursuant to the Property Lease and Comprehensive Service Agreement, we shall pay Changjiu Industrial staff canteen service fees of RMB27.4/person/day multiplied by the actual number of diners, which are determined based on arm’s length negotiations between the parties with reference to (i) historical service fees; and (ii) the number of our staff consumed in the

## CONNECTED TRANSACTIONS

canteen. The transactions contemplated under the Property Lease and Comprehensive Service 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.

For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, (i) the depreciation of right-of-use assets and interest expense on lease liabilities in relation to the lease of properties and comprehensive service fees (excluding staff canteen service) was RMB2.5 million, RMB3.2 million, RMB4.5 million and RMB3.6 million, respectively; and (ii) the aggregate service fees in respect of staff canteen service was RMB0.9 million, RMB1.4 million, RMB1.5 million and RMB1.1 million, respectively.

The proposed annual caps for the staff canteen service under the Property Lease and Comprehensive Service Agreement for the two years ending December 31, 2023 and 2024 are set out below:

	<b>Proposed annual caps for the years ending December 31,</b>	
	<b>2023</b>	<b>2024<sup>(1)</sup></b>
	<i>(RMB in thousands)</i>	
Staff canteen service fees	2,300	2,300

*Note:*

- (1) The initial term of the Property Lease and Comprehensive Service Agreement is one year commencing from January 1, 2023 and would automatically renew for another year unless there are other arrangements between the relevant parties. Therefore, the Property Lease and Comprehensive Service Agreement is reasonably expected to last for two years considering the option to extend the lease according to IFRS 16.

The proposed annual caps are estimated primarily based on (i) the historical transaction amounts in relation to staff canteen services; and (ii) the estimated increase in number of staffs along with our business expansion in the next two years.

### ***Listing Rules implications***

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the payment of staff canteen service fees under the Property Lease and Comprehensive Service Agreement is expected to be, on an annual basis, less than 5% and the total annual amount payable by our Group is expected to be less than HK\$3 million, such transaction will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

---

## CONNECTED TRANSACTIONS

---

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### (3) Automobile Dealership Operation Management Service Framework Agreement

##### *Principal terms*

On December 11, 2023, our Company and Changjiu Industrial, for themselves and on behalf of their respective subsidiaries, entered into an automobile dealership operation management service framework agreement (the “Automobile Dealership Operation Management Service Framework Agreement”), pursuant to which our Group shall provide operation management services to automobile dealerships owned by Changjiu Group in exchange for service fees payable by Changjiu Group.

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including scope and duration of services, service fees, payment schedules and payment methods, based on the principles and within the parameters provided under the Automobile Dealership Operation Management Service 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 Automobile Dealership Operation Management Service Framework Agreement will commence on the [REDACTED] and expire on December 31, 2025, such term would automatically renew for a term of three years unless we serve written notice to cease cooperation.

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

We make profit from providing management systems to automobile dealerships leveraging our extensive management experience and insight in the automobile dealership industry. Changjiu Group, with its national presence of automobile dealerships, has secured a place in automobile dealership industry. As such, our services provided to Changjiu Group under the Automobile Dealership Operation Management Service Framework Agreement are in the ordinary and usual course of our business. Given that Changjiu Group has abundant automobile dealership store resources, offering our automobile dealership operation management services to Changjiu Group would consolidate our revenue sources and hedge the operational risks resulting from the evolving market. In addition, the terms we offered to Changjiu Group are no less favorable to us than those offered to our other customer which is an Independent Third Party. Therefore, our automobile dealership operation management services provided to Changjiu Group are profitable and are in the interests of our Group and the Shareholders as a whole.

---

## CONNECTED TRANSACTIONS

---

### *Pricing policy*

The management service fees payable by Changjiu Group to us is generally determined by a pre-determined percentage of the pre-tax annual operating revenue (or the revenue during the term of the management agreement if such term is less than one year) of the automobile dealership stores. The aforesaid pricing policies are no less favorable to us than those available to our other Independent Third Party customer.

### *Historical transaction amounts*

We began offering operation management services to automobile dealerships in April 2022. For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the aggregate fees generated from Changjiu Group for the automobile dealership operation management services was nil, nil, RMB42.8 million and RMB30.3 million, respectively.

### *Annual caps*

The proposed annual caps for the operation management service fees payable by Changjiu Group to our Group under the Automobile Dealership Operation Management Service Framework Agreement for the three years ending December 31, 2023, 2024 and 2025 are set out below:

<b>Proposed annual caps for the years ending December 31,</b>		
<b>2023</b>	<b>2024</b>	<b>2025</b>
<i>(RMB in thousands)</i>		
72,000	85,000	95,000

The proposed annual caps above for the three years ending December 31, 2025 are determined with reference to:

- the historical transaction amounts of our automobile dealership operation management services for the year ended December 31, 2022 after our commencement of such services in April 2022;
- the expected average number of automobile dealerships owned by Changjiu Group to be managed by us of approximately 72, 92 and 102 in 2023, 2024 and 2025, respectively, with reference to the number of existing automobile dealerships managed by us, the business development plan of Changjiu Group and the potential growth trend of the automobile industry;
- our expected revenue sharing percentage of 0.5% of the automobile dealership’s revenue; and

---

## CONNECTED TRANSACTIONS

---

- our estimation on the growth in operating results and profitability of the automobile dealerships after the recovery from the COVID-19 pandemic. The existing automobile dealerships of Changjiu Group are generally expected to experience a revenue growth of 3% to 15% from 2023 to 2025 after the recovery from the COVID-19 pandemic with reference to the industry trend of China’s passenger car market. The new automobile dealerships which are expected to begin operations in 2024 and 2025 are estimated to have a revenue growth of 80% to 150% in the second year since their commencement of operations, with reference to the vehicles selling price and Changjiu Group’s past experience and cooperation mode with automobile manufacturers. According to CIC, it is not uncommon for automobile dealerships to achieve the above performance growth by strengthening cooperation relationships with automobile manufacturers, improving customer satisfaction, and strengthening after-sales service coverage.

### *Listing Rules implications*

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of this transaction is expected to, on an annual basis, exceed 5%, such transaction will, upon [REDACTED], constitute continuing connected transaction of the Company subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **(4) Entrustment Agreement**

#### *Principal terms*

On April 26, 2023, Changjiu Jinfu and Changjiu Industrial entered into a pledged vehicle monitoring service entrustment agreement (the “Entrustment Agreement”). Pursuant to the Entrustment Agreement, Changjiu Jinfu was exclusively entrusted by Changjiu Industrial to provide the pledged vehicle monitoring services under the Unassigned Agreements (as defined below) previously entered into between Changjiu Industrial and relevant financial institutions and automobile dealerships. In exchange for the services provided by Changjiu Jinfu under such entrustment arrangement, Changjiu Industrial shall pay Changjiu Jinfu service fees.

The term of the Entrustment Agreement commenced from November 30, 2021 and will expire on December 31, 2024, being the projected date of completing the assignment of the Unassigned Agreements from Changjiu Industrial to Changjiu Jinfu at the latest.

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

Since the establishment of Changjiu Jinfu in September 2016, Changjiu Industrial has been gradually restructuring the pledged vehicle monitoring service business to Changjiu Jinfu. As of the Latest Practicable Date, the rights and obligations of Changjiu Industrial under 534 pledged vehicle monitoring service agreements (the “Unassigned Agreements”) with certain financial institutions and automobile dealerships had not been transferred from Changjiu

---

## CONNECTED TRANSACTIONS

---

Industrial to Changjiu Jinfu. See “History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Business transfer of pledged vehicle monitoring services” for further details of the business transfer. As a transition arrangement, as well as to maintain clear delineation and avoid material competition between the business operated by Changjiu Group and our Group, we entered into the Entrustment Agreement with Changjiu Industrial to ensure that Changjiu Industrial does not provide any pledged vehicle monitoring services to the users under the Unassigned Agreements. See “Relationship with Our Controlling Shareholders—Delineation of Business” for details. Furthermore, as we are the largest pledged vehicle monitoring service provider in China’s automobile sales and distribution industry, our services provided to Changjiu Industrial under the Entrustment Agreement are in the ordinary and usual course of our business. Therefore, the transactions contemplated under the Entrustment Agreement are profitable and in the interests of our Group and the Shareholders as a whole.

### *Pricing policy*

The entrusted pledged vehicle monitoring service fees payable by Changjiu Industrial to Changjiu Jinfu shall equal to the service fees payable by the relevant users to Changjiu Industrial under the Unassigned Agreements, which is determined after arm’s length negotiation between such users and Changjiu Industrial on a cost-plus basis taking into consideration the average local salary and the manpower required. The service fees payable by Changjiu Industrial are no less favorable to us than those we receive from the Independent Third Party customers.

### *Historical transaction amounts*

For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the aggregate fees generated from Changjiu Industrial for the entrusted pledged vehicle monitoring services was nil, RMB3.6 million, RMB37.8 million and RMB19.1 million, respectively.

### *Annual caps*

The proposed annual caps for the entrusted pledged vehicle monitoring service fees payable by Changjiu Industrial to Changjiu Jinfu under the Entrustment Agreement for the two years ending December 31, 2023 and 2024 are set out below:

<b>Proposed annual caps for the years ending December 31,</b>	
<b>2023</b>	<b>2024</b>
<i>(RMB in thousands)</i>	
31,000	20,000



---

## CONNECTED TRANSACTIONS

---

The proposed annual caps above for the two years ending December 31, 2024 are determined with reference to (i) the contract value, the remaining period of the Unassigned Agreements and the projected date of completing the assignment of the Unassigned Agreements from Changjiu Industrial to Changjiu Jinfu; and (ii) the historical transaction amounts under the Entrustment Agreement. As Changjiu Industrial has confirmed and undertaken to us that it shall not enter into any new pledged vehicle monitoring service agreement, the scale of the transactions under the Entrustment Agreement are expected to remain limited and gradually decrease.

### *Listing Rules implications*

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of this transaction is expected to, on an annual basis, exceed 5%, such transaction will, upon [REDACTED], constitute continuing connected transaction of the Company subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## WAIVERS APPLICATIONS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In respect of the Automobile Dealership Operation Management Service Framework Agreement and the Entrustment Agreement, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated thereunder pursuant to Rule 14A.105 of the Listing Rules.

## CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions as set out above have been and will continue to 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, and that the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

## CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the continuing connected transactions described in “—Non-exempt Continuing Connected Transactions” in this section 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 (ii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.