

CONNECTED TRANSACTIONS

We have entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Listing Rules). Following the [REDACTED], the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

SUMMARY OF OUR CONNECTED PERSONS

Upon the [REDACTED], the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Group:

| Name of Connected Persons | Connected Relationships | Principal Business of the Connected Persons |
|---|---|---|
| Ningbo Lianhui Commercial Factoring Co., Ltd.* (寧波連惠商業保理有限公司) (“Ningbo Lianhui”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of commercial factoring services |
| Zhonglian Intelligent Technology Co., Ltd.* (眾連智能科技有限公司) (“Zhonglian Intelligent”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of software and information technology development services |
| Shanghai Liantongda Information Technology Co., Ltd.* (上海連通達信息技術有限公司) (“Shanghai Liantongda”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of software and information technology development services |
| Hangzhou Chanliantong Technology Co., Ltd.* (杭州產連通科技有限公司) (“Hangzhou Chanliantong”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of software and information technology development services |
| Hangzhou Hulian Internet Technology Co., Ltd.* (杭州互鏈互聯網技術有限公司) (“Hangzhou Hulian”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of software and information technology development services |
| Zhejiang Lianliantong Technology Co., Ltd.* (浙江連連通科技有限公司) (“Zhejiang Lianliantong”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of software and information technology development services |

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| <u>Name of Connected Persons</u> | <u>Connected Relationships</u> | <u>Principal Business of the Connected Persons</u> |
|---|--|--|
| Hangzhou Fuyu Investment Management Co., Ltd.* (杭州福宇投資管理有限公司) (“ Hangzhou Fuyu ”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of investment management |
| Zhejiang Zhonglian Intelligent Financial Information Service Co., Ltd.* (浙江眾連智能金融信息服務有限公司) (“ Zhejiang Zhonglian ”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of computer information technology development, technology services, and R&D results transfer services |
| Hangzhou Yudao Investment Management Co., Ltd.* (杭州宇道投資管理有限公司) (“ Hangzhou Yudao ”) | Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules | Provision of investment management |
| Zhejiang Lianlian Technology Co., Ltd.* (浙江連連科技有限公司) (“ Zhejiang Lianlian ”) | Associate of Ms. Xiao, who is one of our Controlling Shareholders, as a party to the Deed of Acting-in-concert, within the meaning under the Listing Rules | Provision of telecommunication services |

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SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

| No. | Transactions | Applicable Listing Rules | Waiver(s) sought | Proposed annual cap for the year ending December 31, | | |
|---|--|--------------------------|---|--|--------|--------|
| | | | | 2024 | 2025 | 2026 |
| <i>(RMB'000)</i> | | | | | | |
| Fully-exempt continuing connected transactions | | | | | | |
| 1. | Provision of referral services by Zhonglian Intelligent to our Group | 14A.76(1) | N/A | 200 | 200 | 200 |
| 2. | Provision of telecommunication services by Zhejiang Lianlian to our Group | 14A.76(1) | N/A | 520 | 650 | 660 |
| 3. | Lease and property management service framework agreement with Mr. Zhang and his associates (including, Ningbo Lianhui, Zhonglian Intelligent, Hangzhou Chanliantong, Zhejiang Lianliantong, Hangzhou Fuyu, Zhejiang Zhonglian and Hangzhou Yudao) | 14A.76(1) | N/A | 1,890 | 2,290 | 2,300 |
| Partially-exempt continuing connected transactions | | | | | | |
| 4. | Framework Agreement with Mr. Zhang and his associates (including, Ningbo Lianhui, Zhonglian Intelligent, Shanghai Liantongda, Hangzhou Chanliantong and Hangzhou Hulian) | 14A.76(2) and 14A.105 | Waiver from strict compliance with announcement requirement | <i>Provision of services by our Group (RMB'000)</i> | | |
| | | | | 9,100 | 13,100 | 13,200 |

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CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which will be exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

A. Fully-exempt Continuing Connected Transactions

1. *Provision of referral services by Zhonglian Intelligent to our Group*

Zhonglian Intelligent provides certain agency services, through which Zhonglian Intelligent refers customer to us from time to time for access to our daily payment services. Such transactions were entered into in the ordinary and usual course of our business and on normal commercial terms. Our Directors currently expect the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, such service provision will constitute de minimis continuing connected transactions of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

2. *Provision of telecommunication services by Zhejiang Lianlian to our Group*

Zhejiang Lianlian provides certain telecommunication services, such as phone billing and private number services, to us from time to time to support our business activities and daily administrative management. Such transactions were entered into in the ordinary and usual course of our business and on normal commercial terms. Our Directors currently expect the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, such service provision will constitute de minimis continuing connected transactions of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

3. *Lease and Property Management Service Framework Agreement with Mr. Zhang and His Associates*

During the Track Record Period and up to the Latest Practicable Date, our Group, as lessor, entered into property leases and property management service agreements with several of entities controlled by Mr. Zhang and/or his associates, including Ningbo Lianhui, Zhonglian Intelligent, Hangzhou Chanliantong, Zhejiang Lianliantong, Hangzhou Fuyu, Zhejiang Zhonglian and Hangzhou Yudao (collectively, the “**Associate Lessees**”), in respect of certain properties (the “**Leasing Properties**”) located in Zhejiang province. The Leasing Properties were used as office premises for the Associate Lessees’ respective daily operations and business activities, including factoring, investment management, software and information technology services.

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On [●], our Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Mr. Zhang (for himself and on behalf of the Associates Lessees), pursuant to which we agreed to provide property leases and property management service to Associate Lessees for rental and/or service fees in respect of Leasing Properties (the “**Property Leases and Management Service Framework Agreement**”) for use as office premises.

The Property Leases and Management Service Framework Agreement was entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm’s length basis, and (iii) on normal commercial terms with the fees being determined with reference to, among others, the prevailing market rates for similar properties in the same area and the leased acreage for the property leased.

Our Directors currently expect the annual rental and service fees payable to us by Mr. Zhang and his associates under the Property Lease and Management Service Framework Agreement will less than HK\$3,000,000 and the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 5%. Accordingly, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

B. Partially-exempt Continuing Connected Transactions

4. Framework Agreement with Mr. Zhang and His Associates

We have historically, during our ordinary and usual course of business provided digital payment services and value-added services through our payment channels, and relevant supporting technology services (collectively, the “**Payment Solutions**”), to several entities controlled by Mr. Zhang or/and his associates, including Ningbo Lianhui, Zhonglian Intelligent, Hangzhou Chanliantong, Shanghai Liantongda and Hangzhou Hulian (collectively, the “**Payment Solutions Procurement Entities**”) in order to enable the Payment Solutions Procurement Entities to conduct online transactions.

Historical transaction amounts

The historical transaction amounts of fees received for provision of Payment Solutions over the Track Record Period are set out below:

| For the year ended December 31, | | | For the |
|--|----------------|----------------|----------------------|
| 2020 | 2021 | 2022 | nine months |
| <i>RMB’000</i> | <i>RMB’000</i> | <i>RMB’000</i> | ended |
| | | | September 30, |
| | | | 2023 |
| | | | <i>RMB’000</i> |
| 425 | 1,175 | 2,994 | 1,788 |

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Payment Solutions Framework Agreement

On [●], 2024, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement (the “**Payment Solutions Framework Agreement**”) with Mr. Zhang (for himself and on behalf of the Payment Solutions Procurement Entities) to govern the terms and conditions of the transactions between our Group and Payment Solutions Procurement Entities in connection with the provision of the Payment Solutions from our Group. Pursuant to the Payment Solutions Framework Agreement, the Payment Solutions Procurement Entities agreed to procure the Payment Solutions from our Group from time to time. The Payment Solutions Framework Agreement will take effect upon the [REDACTED] and will be valid until December 31, 2026, renewable by mutual agreement of the parties, subject to compliance with all relevant requirements under the Listing Rules and applicable laws and regulations. Separate underlying agreements with precise scope of services, payment service commissions, payment channels, method of payment, assignment of responsibilities will be entered into among parties.

Annual caps

The following table sets forth the proposed maximum annual transaction amount to be paid by Payment Solutions Procurement Entities for each of the three years ending December 31, 2025 in relation to the procurement of the Payment Solutions from our Group:

| For the year ended December 31, | | |
|--|----------------|----------------|
| 2024 | 2025 | 2026 |
| <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 9,100 | 13,100 | 13,200 |

The proposed annual caps for the three years ending December 31, 2026, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

1. the historical unit price of the Payment Solutions during the Track Record Period;
2. the historical transaction amount of the Payment Solutions during the Track Record Period;
3. the fluctuation of digital payment service business volume which is heavily affected by seasonal changes, such as e-commerce peak seasons;
4. the current and estimated market rates for similar digital payment services and value-added services through third-party payment channels, and relevant supporting technology services provided by third-party service providers;

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5. the expected growth in demand of the Payment Solutions by the Payment Solutions Procurement Entities, which is primarily attributed to the anticipated further expansion of their respective customer base in 2024, 2025 and 2026;
6. our expected target sales to Payment Solutions Procurement Entities of the tailor-made Payment Solutions, particularly the Value-Added Services, to be provided by our Group, given the revenue from value-added services increased (i) from RMB7.8 million in 2020 to RMB21.8 million 2021; (ii) from RMB21.8 million in 2021 to RMB91.1 million in 2022, (iii) from RMB59.1 million for the nine months ended September 30, 2022 to RMB96.8 million for the nine months ended September 30, 2023, representing an increase of 179.7%, 317.5%, and 63.8% in respective year/period; and
7. the potential increase in the service prices of the Payment Solutions in the next three years.

Consideration

Before entering into any separate service agreement pursuant to the Payment Solutions Framework Agreement, the relevant parties will consider (i) the efficiency and prevalence of payment channels operated by different online payment service providers; (ii) customers’ preference of different online payment service providers; and (iii) the fee rates proposed by our Group with the rates offered by other comparable service providers, which are Independent Third Parties. We will only enter into such service agreement with Payment Solutions Procurement Entities (i) when the fee rates chargeable are in line with (a) those chargeable by independent third-party service providers and/or (b) those payable to us by independent third party customers and (ii) the agreement is in the best interests of our Company and our Shareholders as a whole. The fees that we receive from Payment Solutions Procurement Entities are based on payment service fee rates and actual payment volumes processed on our platform and research and development cost of relevant value-added services. The fee rates reflect, among other things, our bank-processing costs and operating costs allocable to the services provided by us, and accordingly are subject to adjustment on an annual basis to the extent that these costs may increase or decline.

Reasons for and benefits of the transactions

It is mutually beneficial to both our Group and the Payment Solutions Procurement Entities from the Payment Solutions Procurement Entities to procure the Payment Solutions provided by our Group.

The payment channels within our Group’s network are among the preferred payment channels of customers, by virtue of our expertise and professional capabilities in providing the Payment Solutions, our leading position in the digital payment service industry, and our global digital payment service user base. The Payment Solutions provided by our Group, on one hand, allow the Payment Solutions Procurement Entities to provide more convenient payment

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methods when providing their respective services, including factoring, software and information technology services, to their customers. The steady demand for our services from the Payment Solutions Procurement Entities, on the other hand, contribute to our stable income stream. Furthermore, as we establish a stable relationship with the Payment Solutions Procurement Entities, we gain access to a steady and reliable source of high quality customers, who are users of services provided by such Payment Solutions Procurement Entities.

To ensure that our continuing connected transactions will be entered into in accordance with the relevant agreements with terms that are fair and reasonable and on normal commercial terms or better, we have adopted certain internal control measures. For details, see “– Internal Control Measures” below.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the purchase of the payment service from our Group pursuant to the Payment Solutions Framework Agreement exceeds 0.1% but all applicable percentage ratios (other than the profits ratio) are less than 5% on an annual basis, the transactions contemplated under the Payment Solutions Framework Agreement will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure the terms under relevant agreements for the partially-exempt continuing connected transaction is fair and reasonable and are carried out on normal commercial terms, the Company has adopted the following internal control procedures:

- (1) The Company has adopted and implemented a comprehensive management system on connected transactions. Under such system, the shareholders’ general meetings, the Board meetings and the secretary of the Board are responsible for supervision, management and approval of the Company’s connected transactions in accordance with relevant requirement of the Listing Rules and the Articles of Association. In addition, the finance department and the legal department of the Company are jointly responsible for the daily management of the connected transactions.
- (2) The independent non-executive Directors will review the agreements for partially-exempt continuing connected transactions to ensure that the agreements have been entered into on normal commercial terms that are fair and reasonable and carried out in accordance with the terms of such agreements. The auditor of the Company will also review annually the pricing policies and annual caps of such agreements.

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- (3) As mentioned above, in order to ensure that the pricing policies under relevant agreements for the partially-exempt continuing connected transactions are fair and reasonable, the general office of the Board, the finance department and the legal department of the Company shall review the prices proposed through the following review procedures:
- if market prices are available, the proposed price will be compared with market prices to ensure that the proposed price is equivalent to or no less favorable to the Company than prices offered by independent third parties providing similar services. The Company will make inquiries to various independent third-party service providers for their prices for further internal assessments;
 - if no market prices are available, various factors will be considered in determining whether the price is fair and reasonable, such as regulatory requirements, actual needs of the Company, the nature of service, and the financial position and creditworthiness of the service provider; and
 - the proposed price will be reviewed to ensure it is consistent with the pricing terms under the relevant agreements for the partially-exempt continuing connected transactions, and that the terms offered to the Company are no less favorable to the Company than those offered by independent third parties.

APPLICATION FOR WAIVER

The transactions described under “– Partially-exempt Continuing Connected Transactions” above constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules. As such transactions are expected to be carried out on a continuing basis and to extend over a period of time, our Directors are of the view that strict compliance with the announcement requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Group.

In respect of such continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver exempting us from strict compliance with the announcement requirement of the Listing Rules, subject to the aggregate values of the continuing connected transactions for each financial year not exceeding the relevant amounts set forth in the respective annual caps (as stated above). We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to such continuing connected transactions.

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DIRECTORS’ VIEWS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described under “– Partially-exempt Continuing Connected Transactions” above have been entered into, and will be carried out, (i) in the ordinary and usual course of our business, (ii) on normal commercial terms and in accordance with the respective agreements governing them; and (iii) on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions under “– Partially-exempt Continuing Connected Transactions” above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS’ VIEW

Based on the due diligence findings and the representations and confirmations from our Group, the Joint Sponsors are of the view that the continuing connected transactions described under “– Partially-Exempt Continuing Connected Transactions” above have been entered into, and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Joint Sponsors are also of the view that the proposed annual caps for the partially-exempt continuing connected transactions under “– Partially-exempt Continuing Connected Transactions” above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.