

## CONNECTED TRANSACTIONS

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

### SUMMARY OF OUR CONNECTED TRANSACTIONS

The table below sets out a summary of transactions which will constitute connected transactions upon [REDACTED]:

No. connected transactions	Applicable rules	Waivers sought	Annual caps for the three years ending December 31, 2023, 2024 and 2025 (RMB in thousands)
<b>Fully exempt connected transaction</b>			
1. Financial Assistance from Mr. LIU Huan	14A.90	N/A	N/A
<b>Non-exempt continuing connected transaction</b>			
2. Contractual Arrangements	14A.34-36, 14A.49, 14A.52-53, 14A.59, 14A.105	Requirements as to announcement, circular, shareholders’ approval, terms not exceeding three years and annual caps under Chapter 14A of the Listing Rules	N/A

### FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

#### Financial assistance received by Shanghai Trueland from Mr. LIU Huan

##### *Background*

Mr. LIU Huan and/or his associates provided certain guarantees to independent commercial banks for facilities granted to Shanghai Trueland for an aggregate amount of RMB205 million (the “**Financial Assistance from Mr. LIU Huan**”), which will subsist following the completion of the [REDACTED], and are expected to be released in full by January 2025. As the Financial Assistance from Mr. LIU Huan is primarily used to supplement the daily working capital of precision marketing services business, Mr. LIU Huan, as a senior manager who joined Shanghai Trueland in 2012 and is currently the person in charge of the precision marketing services of our Group, voluntarily provided the Financial Assistant from Mr. LIU Huan together with other member companies in our Group to better support the

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Company’s development. Financial Assistance from Mr. LIU Huan has provided us with additional financing support as the commercial banks required individual guarantees for the bank loans and we do not intend to discharge the guarantee under Financial Assistance from Mr. LIU Huan prior to its full redemption or repayment for the following reasons: (i) Financial Assistance from Mr. LIU Huan is a commercial arrangement beneficial to our Company, which provided our Group with additional flexibility in forms of security available for our bank facilities, most of which are credit facilities requiring personal guarantees from our senior management; (ii) Financial Assistance from Mr. LIU Huan would help the Company get better conditions for its bank facilities compared with normal commercial terms, e.g., lower interest rates; and (iii) it would be unduly burdensome or commercially undesirable to release all guarantee under the Financial Assistance from Mr. LIU Huan as it would incur unnecessary additional costs, expenses and time. According to Frost & Sullivan, the industry consultant of the Company, it is not uncommon for commercial banks in the PRC to require one of (instead of all) the senior management who is not a controlling shareholder of a corporate entity to provide guarantees in addition to the guarantees provided by a corporate entity in relation to the loan to be obtained by a corporate entity while not requiring the controlling shareholder to be a joint guarantor.

Mr. LIU Huan and/or his associates have not and will not receive any form of consideration from our Group for Financial Assistance from Mr. LIU Huan. As at the Latest Practicable Date, Mr. LIU Huan was a limited partner and held 14.32% interest in Shanghai Hongyu, the Group’s employee stock ownership platform and one of the Registered Shareholders, and 14.32% equity interest in Shanghai Hongyu Limited, a Shareholder of our Company. For details of the historical loans by Mr. LIU Huan to the Group and the amount of guarantees provided by Mr. LIU Huan and/or his associates in favour of the Group, see “Financial Information – Related Party Transactions” and Note 26 to the Accountants’ Report in Appendix I to this document.

As at the Latest Practicable Date, save for their relationship as co-workers within the Group, there is no any other previous or present relationship (family, business, financing, employment) between Mr. LIU Huan and the Controlling Shareholders or founder of the Group.

### *Listing Rules Implications*

Mr. LIU Huan is a director of certain Consolidated Affiliated Entities, and therefore our connected person under the Listing Rules. The provision of the Financial Assistance by Mr. LIU Huan will constitute financial assistance in favor of our Group, and will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules upon the [REDACTED].

Since Financial Assistance by Mr. LIU Huan received by our Group is (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of our Group, it constitutes continuing connected transactions under Rule 14A.90 of the Listing Rules, which are fully exempted from shareholders’ approval, annual review and all disclosure requirements applicable under Chapter 14A of the Listing Rules. Our Directors (including our independent

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non-executive Directors) have confirmed that the transactions contemplated under Financial Assistance by Mr. LIU Huan received by our Group are in the ordinary and usual course of business of our Group, on normal commercial terms or better, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Contractual Arrangements

##### *Background*

As disclosed in the section headed “Contractual Arrangements” in this document, due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through our Consolidated Affiliated Entities in the PRC. We do not hold any equity interests in our Consolidated Affiliated Entities which are held by the Registered Shareholders. The Contractual Arrangements among WFOE, Shanghai Trueland and the Registered Shareholders of Shanghai Trueland enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by WFOE to Shanghai Trueland; (ii) exercise effective control over our Consolidated Affiliated Entities through Shanghai Trueland; and (iii) hold an exclusive option to purchase all or part of the equity interests in Shanghai Trueland when and to the extent permitted by PRC laws.

See the section headed “Contractual Arrangements” in this document for detailed terms of the Contractual Arrangements.

##### *Listing Rules Implications*

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as four of the parties to the Contractual Arrangements, namely Mr. Zhao, Ms. ZHAO Fangqi, Ms. Zhu and Shanghai Hongyu, are connected persons. Mr. Zhao and Ms. ZHAO Fangqi are the Directors. Ms. Zhu is the spouse of Mr. Zhao, one of our Directors, and is therefore an associate of Mr. Zhao. Shanghai Hongyu is owned as 39.41% by Mr. XU Jiankang, one of our Directors, and is therefore an associate of Mr. XU Jiankang.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group’s legal structure and business, that such transactions have been and will be entered into in our Group’s ordinary and usual course of business, are on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by Shanghai Trueland and any member of our Group (“**New Intergroup Agreements**” and each of them, a “**New**

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**Intergroup Agreement**”) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent shareholders’ approval requirements.

### INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant agreements for the connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- We have adopted and implemented a management system on connected transactions. Under such system, the Audit Committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company’s policies and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of the Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under agreements for the connected transactions, in particular, the fairness of the pricing policies under each transaction;
- the Audit Committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the relevant agreements. In addition, the management of the Company also regularly reviews the pricing policies of the relevant agreements;
- our independent non-executive Directors and auditors will conduct the annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the connected transactions are conducted in accordance with the terms of the agreements, on normal commercial terms, in accordance with the pricing policy, are fair and reasonable and in the interests of the Shareholders as a whole; and
- when considering products fees and other fees (if applicable) provided by us to the connected persons and we will charge the connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

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### WAIVER GRANTED BY THE STOCK EXCHANGE

#### Contractual Arrangements

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [REDACTED] on the Stock Exchange, subject, however, to the following conditions:

*(a) No change without independent non-executive Directors' approval*

No change to the Contractual Arrangements (including with respect to any fees payable to WFOE thereunder) will be made without the approval of our independent non-executive Directors.

*(b) No change without independent Shareholders' approval*

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

*(c) Economic benefits flexibility*

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to WFOE by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

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***(d) Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has a direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

***(e) Ongoing reporting and approvals***

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- the independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

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- our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- our Consolidated Affiliated Entities will undertake that, for so long as the Shares are [REDACTED] on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.
- in addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as the Shares are [REDACTED] on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be treated as our Company's subsidiaries, but their directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding for this purpose, our consolidated affiliated entities), and transactions between these connected persons and our Group (including for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

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### CONFIRMATION BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that the Contractual Arrangements, financial assistance received by Shanghai Trueland from connected person, and the transactions contemplated therein have been entered into and will be entered into during our ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors are of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

### JOINT SPONSORS' CONFIRMATION

The Joint Sponsors are of the view that the non-exempt continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of our Company and are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole. With respect to the term of the relevant agreements underlying the Contractual Arrangements which are of a duration longer than three years, the Joint Sponsors are of the view that it is a justifiable and normal business practice to ensure that (i) the financial and operation of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, or on an uninterrupted basis.