
CONNECTED TRANSACTIONS

Overview

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive or those of our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was our Director or a director of our subsidiaries within 12 months preceding the [REDACTED] and any of their associates will become a connected person of our Company upon [REDACTED]. Upon [REDACTED], our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that after [REDACTED], the following transactions between our Group and the relevant connected persons will continue, which will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into transactions with the following parties which will become our connected persons upon [REDACTED]:

<u>Name</u>	<u>Relationship</u>
Lesso	As of the Latest Practicable Date, Lesso is one of our Controlling Shareholders and hence our connected person under the Listing Rules.
Lesso Mall Development (Auburn) Pty Limited (“LMDA”)	As of the Latest Practicable Date, LMDA is an indirectly wholly-owned subsidiary of Lesso and hence our connected person under the Listing Rules.

(A) FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

On 8 February 2024, EDA Au Pty Ltd (“**EDA Au**”), our wholly-owned subsidiary, entered into a warehouse lease agreement in Australia (the “**Australia Warehouse Lease Agreement**”) with LMDA, pursuant to which EDA Au shall lease from LMDA a warehouse in Australia (the “**Australia Warehouse**”) for AUD19,203 per month plus applicable tax.

The term of the Australia Warehouse Lease Agreement is from 1 October 2023 to 30 September 2024.

For each of FY2021, FY2022 and FY2023, the total rental paid by us to LMDA amounted to approximately RMB0.5 million, RMB1.8 million and RMB2.0 million, respectively.

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Pricing basis

The rental payable under the Australia Warehouse Lease Agreement is determined on arm’s length basis and on normal commercial terms in the ordinary and usual course of business of our Group with reference to:

- (a) the terms and conditions, in particular, the rent, under the previous agreement relating to the lease of the Australia Warehouse; and
- (b) the prevailing market rent and fees of similar premises in similar areas with inflation adjustments where applicable.

Annual cap and basis of cap

Our Directors estimate that the maximum rental payable by us under the Australia Warehouse Lease Agreement for FY2024 will not exceed RMB2.0 million, which is based on the agreed rental under the Australia Warehouse Lease Agreement.

Listing Rules implications

As the applicable percentage ratios under the Listing Rules in respect of the expected annual cap for the Australia Warehouse Lease Agreement are expected to be less than 5% and the total consideration of the Australia Warehouse Lease Agreement is less than HK\$3,000,000, the transaction in respect of the Australia Warehouse Lease Agreement is expected to be exempt from the reporting, announcement, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

(B) PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

On [•], our Company (for ourselves and on behalf of our other subsidiaries) entered into a cross-border logistics and warehouse framework agreement (the “**Cross-border Logistics and Warehouse Framework Agreement**”) with the Lesso Group, pursuant to which, our Group will provide cross-border logistics and warehousing services to the Lesso Group, including but not limited to cross-border logistics services from the PRC, to Europe and America, as well as overseas warehousing services of the transported goods in Europe and America (the “**Cross-border Logistics and Warehousing Services**”). The transactions under the Cross-border Logistics and Warehouse Framework Agreement will be negotiated by the relevant entities of our Group and the Lesso Group, and the Cross-border Logistics and Warehousing Services to be provided will be made on terms no more favorable terms to the Lesso Group than those to independent third parties. The pricing of each such transaction be determined based on the same approach adopted by our

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Group as detailed in the section headed “Business — Pricing and Fee Model”. The type of goods transported under the Cross-border Logistics and Warehouse Framework Agreement will mostly include building materials produced by the Lesso Group.

The initial term of the Cross-border Logistics and Warehouse Framework Agreement will commence on the [REDACTED] to 31 March 2027, subject to renewal upon the mutual consent of both parties.

For each of FY2021, FY2022 and FY2023, the total amounts paid by the Lesso Group for the Cross-border Logistics and Warehousing Services amounted to RMB0.4 million, nil and RMB2.5 million, respectively.

Pricing basis

The service fees to be paid by the Lesso Group under the Cross-border Logistics and Warehouse Framework Agreement shall be determined on arm’s length basis and on normal commercial terms in the ordinary and usual course of business of our Group, with reference to, among others, (i) the prevailing market rates of similar warehouses located in the vicinity in respect of the warehousing services; and (ii) the price offered by other cross-border logistics services provider for similar services.

Annual caps and basis of caps

Our Directors estimate that the maximum annual amounts payable to us under the Cross-border Logistics and Warehouse Framework Agreement for each of FY2024, FY2025 and FY2026 will not exceed RMB3.2 million, RMB3.5 million and RMB3.9 million, respectively.

In arriving at the above annual caps of the Cross-border Logistics and Warehousing Services, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- (a) historical transaction amounts;
- (b) the prevailing market per cargo rates for cross-border logistics;
- (c) the expected increase in number cargos shipped per year as required by the Lesso Group; and
- (d) the prevailing market rent and fees of similar warehousing premises with inflation adjustments where applicable.

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Listing Rules implications

Lesso is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the Cross-border Logistics and Warehouse Framework Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon the [REDACTED].

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the Cross-Border Logistics and Warehousing Services is expected to be, on an annual basis, exceed 0.1% but less than 5%, such transactions will be considered to be partially-exempt continuing connected transactions subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION

As the Cross-Border Logistics and Warehousing Services are expected to continue on a recurring and continuing basis and have been fully disclosed in the document and will be disclosed in the annual reports of the Company on an on-going basis, the Company considers that strict compliance with the announcement requirement would be impractical, unduly burdensome and would impose unnecessary administrative cost upon the Company. As such, the Company has applied to the Stock Exchange, and the Stock Exchange has [granted] the Company a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the Cross-Border Logistics and Warehousing Services.

CONFIRMATION BY DIRECTORS

Our Directors (including Independent Non-executive Directors) are of the view that:

- (a) the continuing connected transaction set out above have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, on terms that are fair and reasonable, and are in the interests of our Company and the Shareholders as a whole; and
- (b) the proposed annual caps in respect of the partially-exempt continuing connected transaction set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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CONFIRMATION BY THE SOLE SPONSOR

Based on the documentation, information and data (including historical figures) provided by the Company, the representations and confirmations provided by the Company and the Directors to the Sole Sponsor, and participation in due diligence and discussions, the Sole Sponsor are of the view that:

- (a) the aforesaid continuing connected transaction for which a waiver has been sought have been entered into in the ordinary and usual course of the Company's business, on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole; and
- (b) the proposed annual caps in respect of the partially-exempt continuing connected transaction set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.