

## CONNECTED TRANSACTIONS

Upon Listing, the following transactions between us and our connected persons will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

### OUR CONNECTED PERSONS

The table below sets forth the party who will become our connected persons upon the Listing and who have entered into certain transactions with us which will constitute our continuing connected transactions following the Listing:

Name	Connected Relationship
Shenzhen Tencent Computer System Co., Ltd. (深圳市騰訊計算機系統有限公司) (“ <b>Tencent Computer</b> ”)	Subsidiary of Tencent, one of our substantial shareholders

### SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Applicable Listing Rules	Waivers granted	Proposed annual cap for the years ending 31 December (in millions of RMB)		
			2023	2024	2025
<b>Tencent Group</b>					
<b>Framework Agreement</b>					
<i>Partially -exempt continuing connected transaction</i>					
1. Provision of cloud services by Tencent Group to our Group	14A.35, 14A.53 and 14A.105	Announcement requirement	25	35	40
2. Provision of advertising services by Tencent Group to our Group	14A.35, 14A.53 and 14A.105	Announcement requirement	85	102	112
3. Provision of payment services by Tencent Group to our Group	14A.35, 14A.53 and 14A.105	Announcement requirement	65	90	120

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### TENCENT GROUP FRAMEWORK AGREEMENT

#### **Background**

On 7 September 2023, we entered into a business cooperation and service framework agreement with Tencent Computer (the “**Tencent Group Framework Agreement**”), pursuant to which Tencent Computer and its affiliates would provide to our Group, (i) cloud services, (ii) advertising services and (iii) payment services.

The terms of the Tencent Group Framework Agreement were entered into on normal commercial terms after arm’s length negotiations and the transactions under the Tencent Group Framework Agreement will commence on the Listing Date and continue until 31 December 2025 (both dates inclusive).

#### **Details of the transactions contemplated under the Tencent Group Framework Agreement**

##### *Cloud services provided by Tencent Group to our Group*

###### Principal terms

Tencent Group will provide certain technology services, including but not limited to provision of cloud services and other cloud-related technical services to our Group (the “**Tencent Cloud Services**”), for which our Group will pay service fees. Tencent Cloud Services include but are not limited to computing and network, cloud servers, cloud database, cloud security, instant messages delivery, domain name resolution services, video services, big data and AI and other products and services.

Separate underlying agreements will be entered into which will set out the precise scope of services, service fees calculation, method of payment, assignment of responsibilities between parties and other details of the service arrangement in the manner provided in Tencent Group Framework Agreement.

###### Reasons for the transactions

We collaborate with Tencent Group and leverage their cloud computing infrastructure to enhance our cloud-based applications and technology capabilities. There are limited choices of cloud service providers in the PRC, and Tencent Group is one of the leading integrated service providers for a wide range of cloud services and technical services in the PRC that is able to provide high quality, reliable and cost-efficient services. Leveraging on the Tencent Cloud Services provided by Tencent Group, we could adjust our computing resources purchase amount dynamically per our varied demand from period to period, allowing a higher degree of flexibility in managing the IT infrastructure. Considering our business has undergone and is expected to undergo rapid growth, we believe that obtaining such services from an integrated service provider is a cost-effective alternative

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to building all supporting technology infrastructure internally. We therefore engaged the Tencent Cloud Services and entered into the Tencent Group Framework Agreement to govern any cloud services and technical services to be provided by Tencent Group to us.

### Pricing policies

Before entering into any cloud service agreement pursuant to the Tencent Group Framework Agreement, we will assess our business needs and compare the cloud service fees proposed by Tencent Group with the fees offered by other comparable cloud service providers. In addition, the pricing policies will take into account a number of factors, including but not limited to (i) the efficiency and prevalence of cloud services provided by different cloud service providers; (ii) the cloud service rates as compared to our other service providers. We will only enter into a cloud service agreement with Tencent Group if (i) the terms and conditions are fair and reasonable and based on normal commercial terms as those offered by other Independent Third Party service providers who can provide comparable services; and (ii) it is in the best interests of our Company and the Shareholders as a whole.

The service fee proposed by Tencent Group is based on a predetermined pricing mechanism set by Tencent Group, which is published on Tencent Cloud's website. The service fee rates of the cloud services and technical services vary depending on the exact type of services involved and projects that utilise such services. In particular, (i) the service fee of those cloud services listed on Tencent Cloud's website is charged on a monthly or annually basis, or is charged per unit data consumed; (ii) service fee of instant messages delivery services (including service that blocks click-farming on our platform) is charged on the basis of number of instant messages delivered to the target customers; (iii) service fee in relation to location data service is charged annually with a fixed amount; and (iv) vehicle recognition service fee is charged on a monthly basis for each partner store and Tuhu workshop that connects onto this service.

### *Historical amounts*

The historical transaction amounts of the Tencent Cloud Services over the Track Record Period are set out below:

#### **Transaction amount of the Tencent Cloud Services over the Track Record Period (in RMB million)**

<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Three months ended</b>
<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 March 2023</b>
1.7	4.1	9.4	15.0	6.1

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### *Annual caps*

In respect of the Tencent Cloud Services, the transaction amounts to be paid by our Group to Tencent Group for the three years ending 31 December 2025 shall not exceed the proposed annual caps as set out in the table below:

### **Expected maximum transaction amount of the Tencent Cloud Services for the three years ending 31 December (in RMB million)**

<b>2023</b>	<b>2024</b>	<b>2025</b>
25	35	40

### *Basis of annual caps*

The above proposed annual caps have been determined primarily based on the following factors:

- (i) the historical transaction amounts. During the Track Record Period, the costs for the Tencent Cloud Services paid by us to Tencent Group increased significantly from RMB1.7 million in the year ended 31 December 2019 to RMB4.1 million in the year ended 31 December 2020, and further to RMB9.4 million in the year ended 31 December 2021 and RMB15.0 million in the year ended 31 December 2022. In addition, such cost paid by us to Tencent Group was RMB6.1 million for the three months ended 31 March 2023. The historical transaction amounts for this transaction, as a percentage of other research and development expenses, were 3.5%, 6.6%, 7.4%, 10.3% and 17.6%, respectively, for each of the four years ended 31 December 2022 and three months ended 31 March 2023. We expect the increasing trend will continue for the next three years ending 31 December 2025; and
- (ii) our growing demand for Tencent Group's cloud technologies. As our business expands, we will need more technological infrastructure to deliver our services to customers, to improve efficiency of our business operation and to store data. In addition, we plan to obtain from Tencent Group certain AI-related services including video-on-demand cloud technology in the next three years ending 31 December 2025, which is not reflected in the historical transaction amount. The increase in fees we paid to the Tencent Group in respect of the Tencent Cloud Services during the Track Record Period reflects the deepening of the collaboration between our Group and Tencent Group. Nonetheless, we expect the growth rate of the transaction amount will decelerate and the transaction amount as a percentage of our research and development expenses will stabilize in the next three years ending 31 December 2025 due to the effect of economy of scale. Coupled with our existing Tencent Cloud Services, we expect the costs for the cloud services will increase as our user community continues to expand and we engage in more facets of the Tencent Cloud Services.

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### Listing Rules implications

Our Directors expect that the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules in relation to the Tencent Cloud Services is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules. As such, this transaction will be a partially-exempt continuing connected transaction, exempt from the circular and independent shareholders' approval (including recommendation from an independent financial advisor) requirements, but will be subject to announcement and annual reporting requirements under Chapter 14A of the Listing Rules. We have applied for, and the Stock Exchange has granted us, waivers from these requirements.

### *Advertising services provided by Tencent Group to our Group*

Tencent Group will provide our Group with advertising solutions utilising its communication channels, social media channels and online advertising platforms, on which our Group will send promotional messages to potential users in relation to our mobile application and website (“**Tencent Advertising Services**”). We shall in return pay promotional and advertising service fees to Tencent Group. Separate underlying agreements will be entered into which will set out the precise scope of services, advertising service commission fees, the applicable advertising platforms, method of payment, assignment of responsibilities between parties and other details of the service arrangement in the manner provided in Tencent Group Framework Agreement.

The service fee we pay to Tencent Group in respect of the Tencent Advertising Services is charged on the basis of (i) the price of each click and the aggregate number of clicks of online users, (ii) the number of impressions generated by the Tencent Advertising Services to online users, and (iii) the number of advertisement served or delivered through the Tencent Advertising Services.

### Reasons for the transactions

The Tencent Advertising Services provided by Tencent Group allow us to reach a vast amount of internet and mobile users, given Tencent Group's leading position in the online advertising service industry, the massive user base of Tencent Group's communication and social media services in the PRC and Tencent's technological capability to match us with our target customers. Many of our users and potential new users are users of Tencent Group's channels through which we deliver our services. We believe that the Tencent Advertising Services will enable us to increase our user and potential new users' awareness of and familiarity with our business as well as to attract more franchisees to join our extensive store network, which will in turn contribute to our success.

### Pricing policies

Before entering into any advertising service agreement pursuant to the Tencent Group Framework Agreement, we will assess our business needs and compare the fee rates proposed by Tencent Group with the rates offered by other comparable service providers which are Independent

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Third Parties. We take into account a number of factors before any decision is made, including but not limited to (i) whether the fee rates proposed by Tencent Group are in line with the market rates; (ii) the effectiveness of the marketing and promotional services provided by Tencent Group as compared to those provided by different online marketing and promotion service providers; (iii) the breadth of user base of Tencent Group as compared to those of other online marketing and social media platforms. We will only enter into the Tencent Advertising Service if (i) the terms and conditions are fair and reasonable and based on normal commercial terms as those offered by other Independent Third Party service providers who can provide comparable services; and (ii) the agreement is in the best interests of our Company and our Shareholders as a whole. The fees that we pay Tencent Group are based on advertisement placement volume.

### *Historical amounts*

The historical transaction amounts of the Tencent Advertising Services over the Track Record Period are set out below:

### **Transaction amount of the Tencent Advertising Services over the Track Record Period (in RMB million)**

<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Three months ended</b>
<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 March 2023</b>
114.9	69.9	48.6	26.7	17.1

### *Annual caps*

In respect of the Tencent Advertising Services, the transaction amounts to be paid by our Group to Tencent Group for the three years ending 31 December 2025 shall not exceed the proposed annual caps as set out in the table below:

### **Expected maximum transaction amount of the Tencent Advertising Services for the three years ending 31 December (in RMB million)**

<b>2023</b>	<b>2024</b>	<b>2025</b>
85	102	112

### *Basis of annual caps*

The declining trend of the historical transaction amounts during the Track Record Period was mainly due to our enlarged expenditures in other emerging social media platforms, as we conducted part of our advertising and marketing efforts through platforms other than that provided by Tencent Group, and COVID-19 resurgence in the PRC in 2022. Nevertheless, we expect the growth in our advertising and marketing effort in such emerging social media platforms will stabilise, which in turn stabilises the transaction amounts as a percentage of our total advertising and promotion-related

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expenses in connection with such emerging social media platforms. In addition, given (a) the ease in COVID-19 related restrictions in the PRC throughout the year ending 31 December 2023, (b) the expansion of our user base, (c) the growth of our store network and (d) the rising allocation of our advertising and promotion-related expenses to Tencent Advertising Services due to other future collaborations between our Group and Tencent Group such as potential new product offerings by Tencent Group that we may subscribe to in respect of Tencent Advertising Services, which have not been accounted for during the Track Record Period, we expect there will be increase in the transaction amounts in respect of Tencent Advertising Services for the next three years ending 31 December 2025.

The above proposed annual caps have been determined primarily based on the following factors:

- (i) the historical transaction amounts. During the Track Record Period, the costs for the Tencent Advertising Services paid by us to Tencent Group were RMB114.9 million, RMB69.9 million, RMB48.6 million, RMB26.7 million and RMB17.1 million in each of the years ended 31 December 2019, 2020, 2021 and 2022, and three months ended 31 March 2023, respectively. The declining trend during the Track Record Period was mainly due to our enlarged expenditures in other emerging social media platforms but we expect such growth will stabilise in the next three years ending 31 December 2025. In particular, the historical transaction amount for the year ended 31 December 2022 declined sharply due to the decrease in overall advertising and promotion-related expenses (including the service fees paid by our Group in connection with the Tencent Advertising Services) as a result of the COVID-19 resurgence in the PRC in 2022. We expect the level of engagement of Tencent Advertising Services to gradually return to normal in the first half of 2023, as supported by the transaction amount for the three months ended 31 March 2023, as the COVID-19 related restrictions ease in the cities we operate and the needs for automobile aftermarket services rise, which will translate to our rising investment in advertisement and marketing. In reaching the annual caps for the next three years ending 31 December 2025, we have taken into account the stable growth of our total advertising and marketing expenditure moving forward as we expand our business, and the approximate average percentage ratio of the historical transaction amount of Tencent Advertising Services to the total advertising and promotion-related expenses of our Company during the Track Record Period, which is 11.4% but we expect such ratio to decrease slightly for the three years ending 31 December 2025. As our business expands, we continue to invest more in advertising and marketing services including Tencent Advertising Services. As such, we expect our service fees to be paid in respect of the Tencent Advertising Services will also rise proportionally for the three years ending 31 December 2025;
- (ii) expansion of user base. The primary purpose of engaging an external service provider to provide advertising services for us is to acquire and retain users, increase user engagement and enhance the brand image of our brand. When estimating the proposed annual caps, we took into account (a) the expected growth of our user base and user engagement; (b) our expected investments in advertising efforts which in turn ties with our selling efforts; and (c) the estimated portion of the advertising services to be provided by the Tencent Group among all

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other third-party advertising and promotional service providers to be engaged by us. Further and as mentioned in the terms of the Tencent Advertising Services, the service fee we pay to Tencent Group in respect of the Tencent Advertising Services depends on various factors, including but not limited to the aggregate number of clicks by and impression generated on online users. As we invest more in our advertising efforts, our user base expands and our brand is more well-known, we believe our target customers will be exposed to our advertisements more and chances of them clicking into our advertisements increase. As such, we expect that the advertising fees we pay to Tencent Group will gradually increase from 2023 to 2025 as we aim to expand our user base;

- (iii) growth of our store network. As we continue to expand the geographical coverage of Tuhu workshop, especially the expansion into tier 2 and below cities and counties, we will invest more in marketing efforts to enhance our brand awareness in order to enhance our penetration into these target cities and counties. For details of our store expansion plan, please see the subsection headed “Future Plans and Use of Proceeds - Use of Proceeds”. Given the massive user base of Tencent Group’s communication and social media services in the PRC and Tencent’s technological capability to match us with our target customers in tier 2 and below cities and counties, we expect our collaboration with Tencent will strengthen and as such, the transaction amount we expect to incur in respect of Tencent Advertising Services will increase steadily for the next three years ending 31 December 2025; and
- (iv) additional services to be engaged with Tencent Group. In addition to the above, we are of the view that the declining trend in terms of the fees we paid annually to Tencent Group in respect of the Tencent Advertising Services during the Track Record Period will likely end since we may subscribe to additional new product offered by Tencent Group, which have not been reflected in the historical transaction amounts and which we anticipate will incur rising advertising fees in the next three years ending 31 December 2025.

### Listing Rules implications

Our Directors expect that the highest applicable percentage ratios calculated under Chapter 14A the Listing Rules in respect of the Tencent Advertising Services is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules. As such, Tencent Advertising Services will be a partially-exempt continuing connected transaction, exempt from the circular and independent shareholders’ approval (including recommendation from an independent financial advisor) requirements, but will be subject to announcement and annual reporting requirements under Chapter 14A of the Listing Rules. We have applied for, and the Stock Exchange has granted us, waivers from the requirements as described below.

### ***Payment services provided by Tencent Group to our Group***

Tencent Group will provide our Group with payment services through its payment channel (the “**Tencent Payment Services**”) in order to enable our users to conduct online transactions on our platform through Tencent Group payment channels. We shall in return pay payment processing costs to Tencent Group. Separate underlying agreements will be entered into which will set out the precise



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scope of services, payment service commissions, the applicable payment channels, method of payment, assignment of responsibilities between parties and other details of the service arrangement in the manner provided in Tencent Group Framework Agreement.

### Reasons for the transactions

Our users use online payment services mainly to settle their payments in connection with our services. There are limited choices of online payment channels in the PRC, and the payment channel operated by Tencent Group is one of the preferred payment channels of our customers. The Tencent Payment Services provided by Tencent Group enable us to provide our users with more convenient payment methods and hence enhance our users' satisfaction with our services, given Tencent Group's leading position in the online payment service industry and the massive user base of Tencent Group's online payment service in the PRC.

### Pricing policies

Before entering into any payment service agreement pursuant to the Tencent Group Framework Agreement, we will consider (i) the efficiency and prevalence of payment channels operated by different online payment service providers; (ii) our customers' preference among different online payment service providers; and (iii) the fee rates proposed by Tencent Group with the rates offered by other comparable service providers, which are Independent Third Parties. We will only enter into a payment service agreement with Tencent Group (i) when the fee rates proposed by Tencent Group are in line with the market rates provided by independent third-party service providers and (ii) the agreement is in the best interests of our Company and our Shareholders as a whole. The fees that we pay Tencent Group are based on payment service fee rates and actual payment volumes processed on our platform. The fee rates reflect, among other things, Tencent Group's bank-processing costs and operating costs allocable to the services provided to us, and accordingly are subject to adjustment on an annual basis to the extent these costs increase or decline.

### *Historical amounts*

The historical transaction amounts of the Tencent Payment Services over the Track Record Period are set out below:

#### **Transaction amount of the Tencent Payment Services over the Track Record Period (in RMB million)**

<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Three months</b>
<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>ended</b>
				<b>31 March 2023</b>
21.1	32.0	48.6	46.0	12.7

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### *Annual caps*

In respect of the Tencent Payment Services, the transaction amounts to be paid by our Group to Tencent Group for the three years ending 31 December 2025 shall not exceed the proposed annual caps as set out in the table below:

### **Expected maximum transaction amount of the Tencent Payment Services for the three years ending 31 December (in RMB million)**

2023	2024	2025
65	90	120

### *Basis of annual caps*

The above proposed annual caps have been determined primarily based on the following factors:

- (i) the historical transaction amounts. During the Track Record Period, the costs for the Tencent Payment Services paid by us to Tencent Group were RMB21.1 million, RMB32.0 million, RMB48.6 million, RMB46.0 million and RMB12.7 million in each of the years ended 31 December 2019, 2020, 2021 and 2022, and the three months ended 31 March 2023, respectively. Given the leading position of the online payment channel offered by the Tencent Group in the PRC, we expect the online payment channel offered by the Tencent Group will continue to be one of the most popular and convenient payment channels among our customers. Since our users utilise online payment channels when engaging in our services, and given the expected increase in our business volume and online transaction volume, the service fees payable by our Group to the Tencent Group as to payment processing for the next three years will continue to rise;
- (ii) expansion of merchandise and services. The annual maximum transaction amount is calculated on the basis of the following: (a) the expected average growth rate of our GMV for each of the three years ending 31 December 2025, which is generally in line with the average growth rate of our GMV over the Track Record Period; (b) the historical percentage of the transaction amount of the Tencent Payment Services over the Track Record Period to our Company's GMV for the same period, which was approximately 0.2-0.3%, and we expect that the online payment channel offered by the Tencent Group will be one of the main payment means chosen by our customers moving forward. Hence, the percentage of the transaction amount of the Tencent Payment Services to our Company's GMV will remain at a similar level with a slight increase for the next three years ending 31 December 2025; and (c) the estimated commission rate charged by Tencent Group for the Tencent Payment Services, with reference to the current market rates. We expect our GMV for the next three years ending 31 December 2025 will experience rapid growth as we continue to expand our merchandise after the Global Offering, which will lead to a corresponding increase in the transaction amount; and

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- (iii) expansion of user base and store network. The transaction amount we paid to Tencent Group in respect of the Tencent Payment Services is divided into two major components, namely the handling fees we paid to Tencent Group (a) in respect of the payment function on our online platform, and (b) in respect of the payment made by our users at Tuhu workshops and franchised stores using a digital payment code offered through Tencent Group's online payment channels. Our number of Tuhu workshops and franchised stores, as well as our number of users, has been increasing during the Track Record Period and is expected to continue to increase in the three years ending 31 December 2025, which in turn will elevate the level of use of the Tencent Payment Services. As such, we expect our overall transaction costs for Tencent Payment Services will continue to increase for the next three years.

### Listing Rules implications

Our Directors expect that the highest applicable percentage ratios calculated under Chapter 14A the Listing Rules in respect of the Tencent Payment Services is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules. As such, Tencent Payment Services will be a partially-exempt continuing connected transaction, exempt from the circular and independent shareholders' approval (including recommendation from an independent financial advisor) requirements, but will be subject to announcement and annual reporting requirements under Chapter 14A of the Listing Rules. We have applied for, and the Stock Exchange has granted us, waivers from the requirements as described below.

### **WAIVERS**

We expect the partially exempt continuing connected transactions disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company.

Accordingly, we have applied for, and the Stock Exchange has granted us, in respect of the partially exempt continuing connected transactions mentioned above, waivers from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules.

### **DIRECTORS' CONFIRMATION**

Our Directors (including independent non-executive Directors) are of the view that the continuing connected transactions set out above have been entered into in our ordinary and usual course of business on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed monetary annual caps in respect of the partially-exempt continuing connected transactions are fair and reasonable and in the interests of us and our Shareholders as a whole.

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### JOINT SPONSORS' CONFIRMATION

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the above continuing connected transactions; (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of the Group. Based on the above, the Joint Sponsors are of the view that the aforesaid continuing connected transactions, for which waivers have been sought, have been entered into in the ordinary and usual course of its business on normal commercial terms (or better) that are fair and reasonable and in the interest of the Company and its Shareholders as a whole, and the proposed monetary annual caps of the aforesaid continuing connected transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.