
CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

The following transaction between our Group and the relevant connected person of our Company shall continue after the [REDACTED], which will constitute a continuing connected transaction under the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTION

Tenancy agreement in respect of our office premises

Connected person

Qingdao Yongzheng Real Estate Development Co. Ltd.* (青島永正房地產開發有限公司) (“**Yongzheng Real Estate**”) is a company which principally engages in the business of real estate development in the PRC. As at the Latest Practicable Date, Yongzheng Real Estate is owned as to 60% by Ms. Zhang, the sister of Mr. Zhang who is our executive Director and Controlling Shareholder, and as to 40% by Ms. Geng Juan who is cohabiting with Mr. Zhang as his spouse. Accordingly, Yongzheng Real Estate constitutes a connected person of our Company under Chapter 14A of the Listing Rules.

Nature of transaction

During the Track Record Period, we leased the Office Premises from Yongzheng Real Estate and we intend to continue such leasing arrangement following the [REDACTED].

On 3 February 2021, Fujing Agriculture as the tenant and Yongzheng Real Estate as the landlord entered into a tenancy agreement (the “**2021 Tenancy Agreement**”), pursuant to which Fujing Agriculture agreed to lease the Office Premises from Yongzheng Real Estate with a gross floor area of approximately 560 sq.m. for use as office for a term of two years from 13 February 2021 to 12 February 2023 (both days inclusive). Pursuant to a tenancy agreement entered into on 7 February 2023 (the “**2023 Tenancy Agreement**”), the lease was renewed for a term of one year to 12 February 2024. Pursuant to another tenancy agreement entered into on 9 January 2024 (the “**2024 Tenancy Agreement**”), the lease was further renewed for a term of one year to 12 February 2025. The annual rent payable by Fujing Agriculture under the 2021 Tenancy Agreement, the 2023 Tenancy Agreement and the 2024 Tenancy Agreement (collectively, the “**Office Tenancy Agreements**”) is RMB36,000. Such annual rental was determined after arm’s length negotiations between the parties making reference to the prevailing market rental.

For FY2020, FY2021, FY2022 and 9M2023, the total rent incurred by our Group for leasing the Office Premises from Yongzheng Real Estate amount to RMB36,000, RMB36,000, RMB36,000 and RMB27,000, respectively. Based on the fixed annual rent agreed under the Office Tenancy Agreements, our Directors estimate that the maximum transaction amount involved will not exceed RMB36,000 per year upon [REDACTED].

CONTINUING CONNECTED TRANSACTIONS

Implication under the Listing Rules

As the transaction contemplated under the Office Tenancy Agreements shall continue after the [REDACTED], it will constitute a continuing connected transaction for the Company under the Listing Rules.

Since each of applicable percentage ratios on an annual basis for the transaction contemplated under the Office Tenancy Agreements is less than 0.1%, such transaction constitutes a *de minimis* connected transaction under Rule 14A.76(1)(a) of the Listing Rules and is therefore fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION BY OUR DIRECTORS

BMI Appraisals, which is engaged by our Group as an independent property valuer, has reviewed the Office Tenancy Agreements, collected and analysed the relevant rented comparables in the vicinity, and confirmed that the annual rentals under the Office Tenancy Agreements are consistent with the prevailing market rates of similar properties in the similar location and is fair and reasonable.

Having considered the above, our Directors (including the independent non-executive Directors) are of the view that the exempt continuing connected transaction disclosed above has been entered into in the ordinary and usual course of our business, on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

If the material terms of the Office Tenancy Agreements are altered to the extent that it is no longer an exempt continuing connected transaction or if we enter into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration involved exceed the limits for exempt continuing connected transactions referred to in the Listing Rules, we will comply with the relevant requirements in the Listing Rules accordingly.

CONFIRMATION BY THE SOLE SPONSOR

The Sole Sponsor, having reviewed the relevant documentation and historical figures, is of the view that the exempt continuing connected transaction disclosed above has been entered into in the ordinary and usual course of our business, on normal commercial terms, and are fair and reasonable and in the interests of our Shareholders as a whole.