
CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

Our Group has entered into the following transactions with parties who will, upon the [REDACTED], become our connected persons, and such transactions are expected to continue after the [REDACTED]. As such, upon the [REDACTED], these transactions will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Upon the [REDACTED], the following parties, who have entered into the following transactions with our Group, will be connected persons of our Group:

<u>Name</u>	<u>Relationship with Our Group</u>
Mr. Wang	Chairman of our Board, executive Director, chief executive officer and one of the Controlling Shareholders
Wang PRC SPV	Controlled corporation of Mr. Wang, who is the chairman of our Board, executive Director, chief executive officer and one of the Controlling Shareholders
Zhou Yuan	Spouse of Mr. Wang, who is the chairman of our Board, executive Director, chief executive officer and one of the Controlling Shareholders
Mr. Zhao	Executive Director and chief operating officer
Wu Xianli	Spouse of Mr. Zhao, who is an executive Director and our chief operating officer
Mr. Chen	Executive Director, chief financial officer and joint company secretary
Lv Xia	Spouse of Mr. Chen, who is an executive Director, chief financial officer and joint company secretary

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CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Contractual Arrangements

Background

As disclosed in the section headed "Contractual Arrangements", the business operations of the Consolidated Affiliated Entities constitute a business restricted to foreign investment in the PRC. Therefore, we cannot directly acquire the entire equity interest in the Consolidated Affiliated Entities. In light of such restriction and in order to exercise effective control over our Consolidated Affiliated Entities, we have entered into the Contractual Arrangements with Easou Shenzhen and the Registered Shareholders of Easou Shenzhen on December 31, 2022, pursuant to which our Group (i) receives substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by WFOE to the Consolidated Affiliated Entities; (ii) exercises effective control over the Consolidated Affiliated Entities through WFOE; and (iii) holds an exclusive option to purchase all or part of the shares in Easou Shenzhen when and to the extent permitted by the PRC laws. See the section headed "Contractual Arrangements" in this document for details of the key terms of the Contractual Arrangements.

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements are continuing connected transactions for our Company and are subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group, in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements 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 impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

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APPLICATION FOR WAIVER

The Contractual Arrangements

In relation to 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, circular and independent Shareholders' approval requirements under Rules 14A.35 and 36 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 changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

(b) No Change without Independent Shareholders' Approval

Save as described in paragraph (d) below, no changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent Shareholders. 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 potential right (if and when so allowed under the applicable PRC laws) to acquire the equity interest in and/or assets of the Consolidated Affiliated Entities; (ii) the business structure under which the net profits generated by the Consolidated Affiliated Entities (after deducting the necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year) is substantially retained by us (such that no annual caps shall be set on the amount of services fees payable to the WFOE under the Exclusive Operation Services Agreement); and (iii) our right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

(d) Renewal and Reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that

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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 described under the section headed "Contractual Arrangements" in this document. 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 when justified by business expediency will, upon renewal and/or cloning of the Contractual Arrangements, however be treated as our Group's connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the 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:

- (i) The Contractual Arrangements in place during each financial period will be disclosed in our annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- (ii) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report and accounts for the relevant year that:
 - (1) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
 - (2) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interest which are not otherwise subsequently assigned or transferred to our Group; and
 - (3) the Contractual Arrangements and any new contracts (if any) 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, so far as our Group is concerned and in the interests of our Company and the Shareholders as a whole.
- (iii) Our auditors 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 carried out pursuant to the Contractual Arrangements have received the approval of our Directors and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interest which are not otherwise subsequently assigned/transferred to our Group.

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- (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, the Consolidated Affiliated Entities will be treated as our wholly-owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entities and its associates will be treated as our “connected persons”. As such, transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

The Consolidated Affiliated Entities further 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 auditors with full access to its relevant records for the purpose of procedures to be carried out by our auditors on connected transactions.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the Contractual Arrangements are fundamental to our Group’s legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group, in the ordinary and usual course of our Group’s business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that with respect to the terms of the Contractual Arrangements, which is 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.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that: (i) the contracts constituting the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group’s legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group’s business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Further, the Sole Sponsor is also of the view that with respect to the terms of the Contractual Arrangements, which is 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.