
CONNECTED TRANSACTION

OVERVIEW

Our Company has entered into an agreement with Jiangsu Jingdong Xuke Information Technology Co., Ltd. (江蘇京東旭科信息技術有限公司) (“**Jingdong Xuke**”) which will, upon [REDACTED], become our connected person (as defined under Chapter 14A of the Listing Rules). Upon [REDACTED], such transaction will constitute partially-exempt continuing connected transaction (the “**Partially-exempt Continuing Connected Transaction**”) of our Group, which will be subject to the announcement, reporting and annual review requirements but exempt from the circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules, details of which are set out below.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

API Interface Service Agreement

Principal Terms

On March 30, 2023, our Company entered into an agreement relating to the provision of API interface service with Jingdong Xuke (the “**API Interface Service Agreement**”), pursuant to which our Company will provide an interface to the online platforms and mobile applications operated by JD.com (the holding company of Jingdong Xuke) (the “**JD Platforms**”) to enable the end-users to top-up their mobile accounts through the JD Platforms (the “**API Interface Services**”). The API Interface Service Agreement has a term commencing from April 1, 2023 and ending on March 31, 2024. The provision of the API Interface Services is in the ordinary and usual course of business of our Company and we may continue the provision of the API Interface Services to Jingdong Xuke and its associates (as defined in the Listing Rules) in the future, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons for and benefits of entering into the transaction

We are principally engaged in the provision of standard API services and customized data management solutions and it is in our ordinary and usual course of business to provide API Interface Services.

Since 2020, we have been providing the API Interface Services to Jingdong Xuke and its associates and we have established compatible systems with the relevant parties. Having considered that JD.com (the holding company of Jingdong Xuke) is a well-known e-commerce platform in the PRC with a relatively large customer base and customer traffic, it is mutually beneficial for our Group and Jingdong Xuke to cooperate with each other on the provision and purchase of the API Interface Services as each of our Group and JD.com enjoys competitive advantages in its respective business segment. Also, the transactions with Jingdong Xuke enable our Group to expand our customer base and market penetration. Our Directors are of the

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view that the price of service fees payable by Jingdong Xuke is in line with market practice and the transactions contemplated under the API Interface Service Agreement will provide us with a steady source of income which is in the interest of our Company and our Shareholders as a whole.

Pricing policies

The price and any corresponding discount in respect of the API Interface Services will be based on the top-up value purchased and the type of telecommunications operators. The discount is a percentage discount based on total top-up value purchased in one transaction.

The amounts paid and to be paid by Jingdong Xuke to our Company under the API Interface Service Agreement are determined based on normal commercial terms after arm’s length negotiations between the relevant parties with reference to (i) our cost in relation to the provision of the API Interface Services on a cost-plus basis by adding a reasonable profit which varies with the volume of the order; (ii) the prevailing market price for similar services in the PRC; (iii) the prevailing market price in respect of similar services to companies comparable to Jingdong Xuke; and (iv) the prevailing market price of similar services set by other companies comparable to us for sales to companies comparable to Jingdong Xuke.

The sales price for our API Interface Services under the API Interface Service Agreement are fair and reasonable, and on normal commercial terms no less favorable to our Company than terms offered to Independent Third Parties. The level of profits we received and to be received from Jingdong Xuke are consistent with our pricing policy for similar transactions we entered into with our Independent Third Party customers of comparable profile.

Historical transaction amounts

For the three years ended December 31, 2021, 2022 and 2023, the transaction amounts (in our capacity as an agent to transactions of this nature) were approximately RMB5,531,801, RMB4,914,027 and RMB5,055,722, respectively. The historical amounts were relatively significant in 2021 upon the establishment of the compatible systems. From 2021 to 2022, the historical transaction amounts decreased slightly due to budget adjustment of Jingdong Xuke as a result of the macroeconomic condition in 2022. From 2022 to 2023, the historical transaction amounts grew rapidly due to the rising demands for API Interface Services from Jingdong Xuke in light of their expanded investment in marketing and promotional activities for major events and festivals in 2023 as a result of the gradual recovery of the global economy.

Proposed annual cap

Our Directors estimate that the proposed annual cap in respect of the transactions contemplated under the API Interface Service Agreement will not exceed RMB2,400,000 for the three months ending March 31, 2024.

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The above proposed annual cap is determined with reference to the following factors:

- (i) the historical transaction amounts paid by Jingdong Xuke to our Company in respect of the API Interface Services;
- (ii) the expected amount of API Interface Services required by Jingdong Xuke in light of the promotions expected to be launched on the JD Platforms from time-to-time; and
- (iii) the sales price of the API Interface Services agreed between our Company and Jingdong Xuke in the previous agreements.

Implications under the Listing Rules

Jingdong Xuke is an indirect wholly-owned subsidiary of JD.com where JD.com is a majority-controlled company (as defined in the Listing Rules) of Mr. Richard Liu. As of the Latest Practicable Date, JD Technology was also a majority-controlled company (as defined in the Listing Rules) of Mr. Richard Liu where Mr. Richard Liu was entitled to exercise majority control over JD Technology through his direct and indirect interest in JD Technology. Accordingly, Mr. Richard Liu is deemed to be our substantial Shareholder by virtue of his deemed interest in JD Technology. Since JD.com and JD Technology are majority-controlled entities of Mr. Richard Liu, Jingdong Xuke, being an indirect wholly-owned subsidiary of JD.com, is an associate of Mr. Richard Liu and thus a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the API Interface Service Agreement will constitute continuing connected transactions for our Company upon [REDACTED].

Since the highest applicable percentage ratio in respect of the API Interface Service Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the API Interface Service Agreement constitute continuing connected transactions for our Company which are subject to reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders’ approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

CONFIRMATION BY OUR DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that the continuing connected transaction described in “Partially-exempt Continuing Connected Transaction” above has been and will continue to be carried out (i) in the ordinary and usual course of business of our Company; (ii) on normal commercial terms or better and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual cap in relation thereto 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 (i) the relevant documents and information provided by our Group, (ii) participation in the due diligence and discussions with our management; and (iii) the relevant representations and confirmations from our Company and our Directors, the Sole Sponsor is of the view that (i) the continuing connected transaction described in “Partially-exempt Continuing Connected Transaction” above has been and will be entered into in the ordinary and usual course of our business; (ii) on normal commercial terms or better and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual cap in relation thereto are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

APPLICATION FOR WAIVER

As the transaction described under “Partially-exempt Continuing Connected Transaction” constitute continuing connected transaction under the Listing Rules are subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders’ approval requirements, our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be unduly burdensome and would add unnecessary administrative costs to our Company, which would not be beneficial to our Shareholders as a whole. Therefore, pursuant to Rule 14A.105 of the Listing Rules, our Company has applied to the Stock Exchange for and the Stock Exchange [has granted] a waiver to our Company from compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the Partially-exempt Continuing Connected Transaction.

We will comply with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such Partially-exempt Continuing Connected Transaction.