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## CONNECTED TRANSACTIONS

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Upon [REDACTED], transactions between our Group and our connected persons will constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

### CONNECTED PERSONS OF OUR COMPANY

Upon [REDACTED], the following entities, with whom we have entered into certain transactions in the ordinary and usual course of our business, will become the connected persons of our Company:

#### **Shaanxi Automobile**

Shaanxi Automobile is a limited liability company established in the PRC in 1989 and was converted into a joint stock company with limited liability on 30 March 2021. Its principal business activities include research and development, production and sales of commercial automobiles, special purpose automobiles and commercial automobile components. As at the Latest Practicable Date, Shaanxi Automobile held approximately 92.09% of our issued share capital and will continue to be one of our Controlling Shareholders holding approximately [REDACTED]% immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Shaanxi Automobile is therefore our connected person under Chapter 14A of the Listing Rules.

#### **Shaanxi Automobile Holding**

As at the Latest Practicable Date, Shaanxi Automobile Holding held approximately 67.06% of Shaanxi Automobile and is the holding company of Shaanxi Automobile. Shaanxi Automobile Holding is also one of our Controlling Shareholders and our connected person under Chapter 14A of the Listing Rules.

#### **Associates of Shaanxi Automobile (excluding members of our Group)**

Associates of Shaanxi Automobile (excluding members of our Group), including but not limited to Shaanxi Commercial Automobile and Shaanxi Heavy Duty Automobile, are our connected persons as defined under Chapter 14A of the Listing Rules.

### FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We entered into the following transactions with Shaanxi Automobile Holding and/or its associates (excluding members of our Group) in the ordinary and usual course of business, which will, upon [REDACTED], constitute continuing connected transactions of our Company that are fully exempt from annual reporting, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

#### **Trademark Licensing Framework Agreement**

##### *Background of and Reasons for the Transaction*

As our Company is a major subsidiary of Shaanxi Automobile and members of our Group have been using certain registered trademarks owned by Shaanxi Automobile (the “**Licensed Trademarks**”) in the course of our business operations, and it is in the best interests of our Group and our Shareholders as a whole for us to continue to use the Licensed Trademarks upon [REDACTED]. For details of the Licensed Trademarks, please refer to the section headed “Further Information about our Business — Intellectual Property Rights of Our Group — Trademarks” in Appendix VI to this document.

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## CONNECTED TRANSACTIONS

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### *Principal Terms*

On 23 June 2022, we entered into a trademark licensing framework agreement (the “**Trademark Licensing Framework Agreement**”) with Shaanxi Automobile, pursuant to which Shaanxi Automobile agreed to grant our Group a non-exclusive licence for the use of the Licensed Trademarks on a royalty-free basis. Our Group will use the Licensed Trademarks within the scope specified in the Trademark Licensing Framework Agreement.

The initial term of the Trademark Licensing Framework Agreement will commence on the [REDACTED] and end on 31 December 2024. The Trademark Licensing Framework Agreement is subject to renewal through mutual consent by the parties.

### *Implications under the Listing Rules*

The Trademark Licensing Framework Agreement was entered into on normal commercial terms or better and the applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. By virtue of Rule 14A.76 of the Listing Rules, the transactions contemplated under the Trademark Licensing Framework Agreement are exempt from the annual review, reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **Provision of Financial Services by Shaanxi Automobile Holding**

#### *Background of and Reasons for the Transaction*

To promote funding liquidity and strengthen centralised funds management, Shaanxi Automobile Holding has an “unified borrowing and repaying” (統借統還) model. Under the “unified borrowing and repaying” (統借統還) model, Shaanxi Automobile Holding and/or its subsidiaries (the “**Lending Entity**”) may borrow from financial institutions (such as banks) (the “**Borrowing**”) and allocate funds obtained from the Borrowing to another intra-group entity (the “**Borrowing Entity**”). The Borrowing Entity will repay the principal and interest (on the same terms as agreed between the financial institution and the Lending Entity for the Borrowing) to the Lending Entity. The Lending Entity will in turn use such repayment to repay the relevant financial institution. The lending terms applicable to the Borrowing Entity will correspond to those under the financing agreements entered between the Lending Entity and the lending financial institutions. During the Track Record Period, Shaanxi Automobile Holding and Shaanxi Automobile provided loans under its “unified borrowing and repaying” (統借統還) model to our Group.

While we have sufficient capital to operate our business independently and we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or other connected persons, our Directors believe that the continuation of the loans provided by Shaanxi Automobile Holding to us after the [REDACTED] will provide the Group with another fund raising channel as an alternative to borrowing from third parties and therefore benefit our Group and the Shareholders as a whole.

### *Principal Terms*

On 23 June 2022, the Company entered into a financial services framework agreement (the “**Financial Services Framework Agreement**”) with Shaanxi Automobile Holding, pursuant to which Shaanxi Automobile Holding and/or its associates will provide loans to us.

The initial term of the Financial Services Framework Agreement will commence on the [REDACTED] and end on 31 December 2024, subject to renewal through mutual consent by the parties.

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## CONNECTED TRANSACTIONS

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The Financial Services Framework Agreement provides that:

*Loans services* — Interest rates on the loans to be advanced by Shaanxi Automobile Holding and/or its associates to our Group will be the same as the interest rates the lending banks and financial institutions charged Shaanxi Automobile Holding and/or its associates on the same loans. The interest rates will not be higher than the interest rates for loans of a similar type offered for the same period by independent commercial banks to us and our subsidiaries as the lending terms applicable to our Group will correspond to those under the financing agreements of Shaanxi Automobile Holding and/or its associates with the lending banks and financial institutions.

### *Implications under the Listing Rules*

The financial services provided to the Group under the Financial Services Framework Agreement would amount to financial assistance by a connected person for the benefit of our Group, which were entered into on normal commercial terms or better and such financial assistance (loans) is not secured by the assets of our Group. Therefore, the financial services provided to the Group under the Financial Services Framework Agreement are exempt from the annual review, reporting, announcement and independent Shareholders’ approval requirements under Rule 14A.90 of the Listing Rules.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with Shaanxi Automobile Holding and/or its associates in the ordinary and usual course of our business, which will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules (the “**Non-exempt Continuing Connected Transactions**”).

### **Products Purchasing Framework Agreement**

#### *Background of and Reasons for the Transaction*

During the Track Record Period, our Group procured commercial automobiles, commercial automobile components and others from Shaanxi Automobile Holding and/or its associates. Given our industry experience and our deep understanding of customer needs, we have accumulated many quality customers, which provides us with more bargaining power when we purchase commercial automobiles or commercial automobile components and others from Shaanxi Automobile Holding and/or its associates. At the same time, we also benefit from Shaanxi Automobile Holding’s customised services and our long-term stable business relationship with Shaanxi Automobile Holding to enhance our market competitiveness.

While we have readily available access to identical or similar commercial automobiles, commercial automobile components and others from other commercial automobile sales dealers which are independent third parties in the regions where our businesses operate in the PRC, we believe that such direct procurement from independent third parties would not be as efficient either on a cost basis or an operational basis as our current arrangement to procure through Shaanxi Automobile Holding and/or its associates. In addition, since Shaanxi Automobile Holding and/or its associates have been providing us with a long-term stable supply of commercial automobiles, commercial automobile components and others, we believe that Shaanxi Automobile Holding and/or its associates have a deep understanding of our business and operational requirements.

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## CONNECTED TRANSACTIONS

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Our Directors believe that it is crucial to maintain a stable and quality supply of commercial automobiles, commercial automobile components and others for our existing and future automobile sales business. With reference to our previous purchasing experience with Shaanxi Automobile Holding and/or its associates, we believe Shaanxi Automobile Holding and/or its associates can continue to efficiently fulfil our requirements with a stable and quality supply of commercial automobiles, commercial automobile components and others. Therefore, we will continue to procure commercial automobiles, commercial automobile components and others from Shaanxi Automobile Holding and/or its associates after [REDACTED].

### *Principal Terms*

On 23 June 2022, we entered into a products purchasing framework agreement (the “**Products Purchasing Framework Agreement**”) with Shaanxi Automobile Holding, pursuant to which Shaanxi Automobile Holding and/or its associates will provide certain products to our Company and/or our subsidiaries. These products include commercial automobiles, commercial automobile components and others, such as commercial automobile components management and storage services (the “**Commercial Automobiles and Other Products**”).

The initial term of the Products Purchasing Framework Agreement will commence on the [REDACTED] and end on 31 December 2024, and is subject to renewal through mutual consent by the parties.

### *Pricing Policy*

The terms of the transactions contemplated under the Products Purchasing Framework Agreement will be separately negotiated between Shaanxi Automobile Holding and/or its associates and us on an arm’s length basis. The sales price of the Commercial Automobiles and Other Products shall be determined with reference to (i) the ex-factory price set by Shaanxi Automobile Holding and/or its associates, which apply to all commercial automobile dealership groups, and (ii) the technical specifications and requirements of the Commercial Automobiles and Other Products. In order to ensure that the prices of the Commercial Automobiles and Other Products are fair and reasonable, we will generally obtain quotations from independent commercial automobile sales dealers, and compare the price offered by Shaanxi Automobile Holding and/or its associates with those offered by independent commercial automobile sales dealers. If alternatives are available, our Company and our subsidiaries will conduct a price comparison process before selecting suppliers for such alternatives. In such price comparison process, the connected persons of our Company are treated no differently from any other independent suppliers. Consequently, the purchase of the Commercial Automobiles and Other Products by our Company and our subsidiaries from the connected persons of our Company would not be made if our Company and our subsidiaries could obtain better terms from any other independent suppliers.

## CONNECTED TRANSACTIONS

### *Historical Transaction Amounts*

The aggregate amounts in respect of the purchase of the Commercial Automobiles and Other Products for the years ended 31 December 2019, 2020 and 2021 are set out below:

	<b>Historical figures (RMB thousand)</b>		
	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Purchase of the Commercial Automobiles and Other Products			
<i>Commercial automobiles</i>	583,380	579,883	468,180
<i>Commercial automobile components and others</i>	2,825	4,264	448
<b>Total</b>	<b>586,205</b>	<b>584,147</b>	<b>468,628</b>

### *Proposed Annual Caps and their Basis*

The maximum aggregate amounts in respect of purchase of the Commercial Automobiles and Other Products for the years ending 31 December 2022, 2023 and 2024 shall not exceed the caps set out below:

	<b>Proposed annual cap for the year ending 31 December (RMB thousand)</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Purchase of the Commercial Automobiles and Other Products			
<i>Commercial automobiles</i>	366,400	423,900	401,000
<i>Commercial automobile components and others</i>	3,600	1,420	600
<b>Total</b>	<b>370,000</b>	<b>425,320</b>	<b>401,600</b>

The above proposed annual caps are determined with reference to the following factors:

- (a) the historical transaction amounts in respect of our purchase of the Commercial Automobiles and Other Products from Shaanxi Automobile Holding and/or its subsidiaries;
- (b) the historical sales volume of the Commercial Automobiles and Other Products by our Group;
- (c) our expected sales volume of commercial automobiles through our commercial automobile dealership network in the next few years, taking into account our business development plans and strategies; and
- (d) the expect volume of commercial automobile components purchased from Shaanxi Automobile Holding and/or its associates in the next few years.

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## CONNECTED TRANSACTIONS

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### *Implications under the Listing Rules*

Since the applicable percentage ratios (other than the profits ratio) for the Products Purchasing Framework Agreement will exceed 5.0% on an annual basis, the transactions contemplated under the Products Purchasing Framework Agreement are subject to the annual review, reporting, announcement, circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **Supply of Products and Services Framework Agreements**

#### *Background of and Reasons for the Transactions*

By leveraging the one-stop service capacity for the commercial automobile industry chain streaming from our integrated business layout, we provide diversified services to individual and corporate customers. During the Track Record Period, our Group provided various products and services, including (i) commercial automobile-related goods, (ii) supply chain services (including transportation, distribution, logistics and warehousing services), and (iii) data-related services to Shaanxi Automobile Holding and/or its associates. In particular, during the Track Record Period, (i) Fargo and Tianxingjian provided commercial automobile-related goods, including intelligent IoV products and aftermarket products, (ii) Fargo and Tonghui provided supply chain services, including transportation, distribution, logistics and warehousing services, and (iii) Tianxingjian provided data-related services to Shaanxi Automobile Holding and/or its associates.

Our Directors consider that the supply of products and services to Shaanxi Automobile Holding and/or its associates would benefit our Group for the following reasons:

- (a) our Group and Shaanxi Automobile Holding are long-standing partners;
- (b) prices and terms for the products and services provided by us to Shaanxi Automobile Holding and/or its associates are comparable to those offered by us to independent third parties;
- (c) according to the Frost & Sullivan Report, Shaanxi Automobile Holding, comprising its close associates, was the fourth largest commercial automobile manufacturer in the commercial automobile sales market in the PRC, thus the supply of products and services to Shaanxi Automobile Holding and/or its associates will provide us with a steady source of income which is in the interest of our Company and our Shareholders as a whole; and
- (d) to provide diversified services to commercial automobile manufacturers is one of our important business models and development strategies.

On 23 June 2022, we entered into a supply of products and services framework agreement (the “**Shaanxi Automobile Holding Supply of Products and Services Framework Agreement**”) with Shaanxi Automobile Holding, pursuant to which our Company and/or our subsidiaries will supply the following types of products and services to Shaanxi Automobile Holding and/or its associates (excluding Shaanxi Heavy Duty Automobile): (i) supply chain services, (ii) commercial automobile-related goods and (iii) data-related services (the “**Products and Services Supplied to Shaanxi Automobile Holding**”).



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## CONNECTED TRANSACTIONS

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On 23 June 2022, we entered into a supply of products and services framework agreement (the “**Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement**”) with Shaanxi Heavy Duty Automobile, pursuant to which our Company and/or our subsidiaries will supply the following types of products and services to Shaanxi Heavy Duty Automobile and/or its subsidiaries: (i) supply chain services, (ii) commercial automobile-related goods and (iii) data-related services (the “**Products and Services Supplied to Shaanxi Heavy Duty Automobile**”).

Further details of the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement and the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement are set out below.

### **1. Shaanxi Automobile Holding Supply of Products and Services Framework Agreement**

#### *Principal Terms*

The initial term of the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will commence on the [REDACTED] and end on 31 December 2024. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement may be automatically renewed for a further term of three years from time to time, unless the Company provides a written notice to terminate the agreement during its term. Upon renewal of the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances and the Company will continue to comply with the applicable disclosure and/or independent Shareholders’ approval requirements under the Listing Rules and other requirements.

#### *Pricing Policy*

The amount of fees to be charged by us in respect of the transactions contemplated under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will be separately negotiated between our Group and Shaanxi Automobile Holding and/or its associates (excluding Shaanxi Heavy Duty Automobile).

The sales price or the services fee of the Products and Services Supplied to Shaanxi Automobile Holding charged by our Group under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will be determined on “cost-plus” basis (principle of cost plus a reasonable margin) and with reference to the market rate. The “market rate” represents the price provided or obtained by an independent third party in respect of a same or similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties.

- With respect to the supply chain services, the service fee of supply chain services will be determined based on a “cost-plus” basis and with reference to the market rate. In particular, Tonghui will update its scale of fees in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins and for each transaction entered by both parties under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement the services fee charged by our Group will be in line with such scale.

## CONNECTED TRANSACTIONS

- With respect to the commercial automobile-related goods the sales price of such goods will be determined on a “cost-plus” basis and with reference to the market rate. The reasonable margin of the sales price of such goods, will primarily be determined based on the gross profit margin of each product.
- With respect to the data-related services, the service fee of data-related services will be determined based on a “cost-plus” basis. For each transaction entered by both parties under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, the parties will negotiate the services fee charged by our Group separately on an arm’s length basis, by taking into account relevant factors, including but not limited to research and development costs, labour and operation costs as well as reasonable gross profit margins.

We will make reference to the applicable historical prices of the Products and Services Supplied to Shaanxi Automobile Holding and the fees we charged from independent third parties, to ensure that the terms of the supply of the Products and Services Supplied to Shaanxi Automobile Holding are fair and reasonable.

### *Historical Transaction Amounts*

The aggregate amounts in respect of the Products and Services Supplied to Shaanxi Automobile Holding for the years ended 31 December 2019, 2020 and 2021 are set out below:

	<b>Historical figures (RMB thousand)</b>		
	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Supply of commercial automobile-related goods			
<i>Intelligent IoV products</i>	936	100,828	113,721
Supply of supply chain services	59,595	116,714	119,761
Supply of data-related services	–	–	–
<b>Total</b>	<b>60,531</b>	<b>217,542</b>	<b>233,482</b>

### *Proposed Annual Caps and their Basis*

The maximum aggregate amounts in respect of the Products and Services Supplied to Shaanxi Automobile Holding for the years ending 31 December 2022, 2023 and 2024 shall not exceed the caps set out below:

	<b>Proposed annual cap for the year ending</b>		
	<b>31 December (RMB thousand)</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Supply of commercial automobile-related goods			
<i>Intelligent IoV products</i>	78,170	110,500	111,600
Supply of supply chain services	146,000	192,000	199,600
Supply of data-related services	400	500	600
<b>Total</b>	<b>224,570</b>	<b>303,000</b>	<b>311,800</b>



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## CONNECTED TRANSACTIONS

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The above proposed annual caps are estimated on the basis of:

- (a) the historical transaction amounts in respect of the Products and Services Supplied to Shaanxi Automobile Holding;
- (b) the current products and services capacity of our Group; and
- (c) the estimated increase in demand for the Products and Services Supplied to Shaanxi Automobile Holding as driven by the estimated growth in the production and sales volume of commercial automobiles manufactured by Shaanxi Automobile Holding and/or its associates (excluding Shaanxi Heavy Duty Automobile), in particular, we expect the sales volume of commercial automobiles manufactured by Shaanxi Commercial Automobile to increase gradually as its production operation continues to mature. As we are the sole supplier of intelligent IoV products for Shaanxi Commercial Automobile, and our IoV products can be directly installed onto the commercial automobiles manufactured by Shaanxi Commercial Automobile, such estimated growth in the production and sales volume of commercial automobiles manufactured by Shaanxi Commercial Automobile is expected to lead to an increase in demand for our intelligent IoV products. Further, as we are the sole services provider of automobile manufacturing supply chain services and automobile logistics services of Shaanxi Commercial Automobile, the aforesaid estimated growth in the production and sales volume of commercial automobiles manufactured by Shaanxi Commercial Automobile is also expected to lead to an increase in demand for our supply chain services.

### *Implications under the Listing Rules*

Since the applicable percentage ratios (other than the profits ratio) for the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will exceed 5.0% on an annual basis, the transactions contemplated under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement are subject to the annual review, reporting, announcement, circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **2. Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement**

### *Principal Terms*

The initial term of the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will commence on the [REDACTED] and end on 31 December 2024. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement may be automatically renewed for a further term of three years from time to time, unless the Company provides a written notice to terminate the agreement during its term. Upon renewal of the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances and the Company will re-comply with the applicable disclosure and/or independent Shareholders’ approval requirements under the Listing Rules and other requirements.

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## CONNECTED TRANSACTIONS

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### *Pricing Policy*

The amount of fees to be charged by us in respect of the transactions contemplated under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will be separately negotiated between our Group and Shaanxi Heavy Duty Automobile and/or its subsidiaries.

The sales price or the services fee of the Products and Services Supplied to Shaanxi Heavy Duty Automobile charged by our Group under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will be determined on “cost-plus” basis (principle of cost plus a reasonable margin) and with reference to the market rate. The “market rate” represents the price provided or obtained by an independent third party in respect of a same or similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties.

- With respect to the supply chain services, the service fee of supply chain services will be determined based on a “cost-plus” basis and with reference to the market rate. In particular, Tonghui will update its scale of fees in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins and for each transaction entered by both parties under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement the services fee charged by our Group will be in line with such scale.
- With respect to the commercial automobile-related goods the sales price of such goods will be determined on a “cost-plus” basis and with reference to the market rate. The reasonable margin of the sales price of such goods, will primarily be determined based on the gross profit margin of each product.
- With respect to the data-related services, the service fee of data-related services will be determined based on a “cost-plus” basis. For each transaction entered by both parties under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, the parties will negotiate the services fee charged by our Group separately on an arm’s length basis, by taking into account relevant factors, including but not limited to research and development costs, labour and operation costs as well as reasonable gross profit margins.

We will make reference to the applicable historical prices of the Products and Services Supplied to Shaanxi Heavy Duty Automobile and the fees we charged to independent third parties, to ensure that the terms of the supply of the Products and Services Supplied to Shaanxi Heavy Duty Automobile are fair and reasonable.

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### *Historical Transaction Amounts*

The aggregate amounts in respect of the Products and Services Supplied to Shaanxi Heavy Duty Automobile for the years ended 31 December 2019, 2020 and 2021 are set out below:

	<b>Historical figures (RMB thousand)</b>		
	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Supply of commercial automobile-related goods	207,327	154,394	91,174
<i>Intelligent IoV products</i>	172,819	149,595	88,944
<i>Aftermarket products</i>	34,508	4,799	2,230
Supply of supply chain services	382,944	459,730	339,971
Supply of data-related services	1,357	16	238
<b>Total</b>	<b>591,628</b>	<b>614,140</b>	<b>431,383</b>

### *Proposed Annual Caps and their Basis*

The maximum aggregate amounts in respect of the Products and Services Supplied to Shaanxi Heavy Duty Automobile for the years ending 31 December 2022, 2023 and 2024 shall not exceed the caps set out below:

	<b>Proposed annual cap for the year ending</b>		
	<b>31 December (RMB thousand)</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Supply of commercial automobile-related goods	103,290	110,000	109,100
<i>Intelligent IoV products</i>	96,290	100,000	100,600
<i>Aftermarket products</i>	7,000	10,000	8,500
Supply of supply chain services	350,400	500,500	550,700
Supply of data-related services	10,700	11,000	13,500
<b>Total</b>	<b>464,390</b>	<b>621,500</b>	<b>673,300</b>

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The above proposed annual caps are estimated on the basis of:

- (a) the historical transaction amounts in respect of the Products and Services Supplied to Shaanxi Heavy Duty Automobile;
- (b) the current products and services capacity of our Group;
- (c) the estimated increase in the demand for the supply of supply chain services as a result of the anticipated expansion of the scope of business and manufacturing plant of Shaanxi Heavy Duty Automobile and/or its subsidiaries;
- (d) the estimated demand for the Products and Services Supplied to Shaanxi Heavy Duty Automobile as driven by the estimated stable production and sales volume of commercial automobiles manufactured by Shaanxi Heavy Duty Automobile and/or its subsidiaries. As we are the sole supplier of intelligent IoV products for Shaanxi Heavy Duty Automobile, and our IoV products can be directly installed onto the commercial automobiles manufactured by Shaanxi Heavy Duty Automobile, such estimated stable production and sales volume of commercial automobiles manufactured by Shaanxi Heavy Duty Automobile is expected to lead to a steady demand for our intelligent IoV products. Further, as we are the sole services provider of automobile manufacturing supply chain services and automobile logistics services of Shaanxi Heavy Duty Automobile, the aforesaid estimated stable production and sales volume of commercial automobiles manufactured by Shaanxi Heavy Duty Automobile is also expected to lead to a steady demand for our supply chain services; and
- (e) the intended future direction of the Group's business development is for it to develop its third party customer base in relation to the supply of commercial automobile related aftermarket products and data-related services.

### *Implications under the Listing Rules*

Since the applicable percentage ratios (other than the profits ratio) for the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will exceed 5.0% on an annual basis, the transactions contemplated under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement are subject to the annual review, reporting, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **INTERNAL CONTROL PROCEDURES IN RELATION TO CONTINUING CONNECTED TRANSACTIONS**

Our Company has adopted the following internal control procedures to ensure that the continuing connected transactions are fair and reasonable and on normal commercial terms or better:

- (a) we have adopted and implemented a management system on connected transactions. Under this system, our designated departments including finance management department, audit and supervision department and operation management department will be jointly responsible for reviewing and evaluating the terms of the continuing connected transactions and, in particular, the fairness of the pricing terms and will provide periodic reports on connected transactions to our management team, which is responsible for ensuring that the annual caps of the continuing connected transactions have not been exceeded and that the price of each of the continuing connected transactions remains fair and reasonable;

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- (b) the independent non-executive Directors will review the continuing connected transactions every year pursuant to Rule 14A.55 of the Listing Rules and confirm in the annual report of our Company that the transactions have been entered into: (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better to our Group; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of our Shareholders as a whole. If our independent non-executive Directors cannot so confirm, we will duly comply with Rule 14A.59 of the Listing Rules by promptly notifying the Stock Exchange and publishing an announcement. The independent non-executive Directors will also review our management system on connected transactions, supervising our implementation and making recommendations to our Board and review and approve connected transactions of our Company and other related matters to the extent authorised by our Board; and
- (c) the external auditor of our Company will also conduct an annual review and report on the continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules. We will disclose in our annual reports after the completion of the [REDACTED] the work performed by the external auditor of our Company with respect to our continuing connected transactions and their conclusions on whether anything has come to their attention that causes them to believe that such continuing connected transactions (i) have not been approved by the Company's board of directors; (ii) were not, in all material respects, in accordance with the pricing policies of our Company if the transactions involve the provision of goods or services by our Company; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the annual cap.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the proposed annual caps for the Non-exempt Continuing Connected Transactions set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### CONFIRMATION FROM THE SOLE SPONSOR

Based on review of continuing connected transaction agreements and the relevant information provided by our Company as well as the discussion with the management team of our Company, the Sole Sponsor is of the view that the Non-exempt Continuing Connected Transactions have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the proposed annual caps for each of the Non-exempt Continuing Connected Transactions are also fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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## CONNECTED TRANSACTIONS

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### APPLICATION OF WAIVERS FROM THE STOCK EXCHANGE

As the Non-exempt Continuing Connected Transactions are and will continue to be entered into in the ordinary and usual course of our business on a continuing or recurring basis, our Directors (including the independent non-executive Directors) are of the view that strict compliance with the announcement, circular (including independent financial advice) and/or independent Shareholders’ approval requirements would impose additional administrative costs and would at times be impracticable.

In this regard, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the Non-exempt Continuing Connected Transactions for a term commencing on the [REDACTED] and ending on 31 December 2024, subject to the aggregate amount of each of the Non-exempt Continuing Connected Transactions for each financial year not exceeding the relevant amount of annual caps stated above.

We will re-comply with the relevant Listing Rules if the relevant amount of annual caps stated above are exceeded or a material change of any of the continuing connected transaction agreements is proposed.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as at the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.