CONTROLLING SHAREHOLDERS

Immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Share that may be allotted and issued upon exercise of the **[REDACTED]** or any option that may be granted under the Share Option Scheme), our Company will be owned by Diamond Soars and Reliable Profit, as to approximately **[REDACTED]**% and **[REDACTED]**%, respectively.

Diamond Soars is an investment holding company and is wholly owned by Mr. RQ Liu. Reliable Profit is an investment holding company and is wholly owned by Mr. CQ Liu.

For the purposes of the GEM Listing Rules, Diamond Soars, Reliable Profit, Mr. RQ Liu and Mr. CQ Liu are the Controlling Shareholders. Further details of Mr. RQ Liu and Mr. CQ Liu are set out in the section headed "Directors and Senior Management" in this document.

NO COMPETITION

As at the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates was engaged in or had any interest in a business, apart from business of our Group, which competes or is likely to compete with our Group's business, whether directly or indirectly, or would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in the section headed "Connected Transactions" in this document, our Directors do not expect any other significant transactions to be entered into between our Group, our Controlling Shareholders and their respective close associates upon or shortly after the **[REDACTED]**.

Our Directors consider that we are capable of carrying on our business independent of our Controlling Shareholders and their respective close associates after the **[REDACTED]** for the following reasons:

1. Management independence and operational independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the **[REDACTED]**, we have full rights to make all decisions on, and to carry out, our own business operations independently. We hold all relevant licences necessary to carry on our business, and have sufficient capital, equipment and employees to operate our businesses independently from our Controlling Shareholders.

Our Group has established its own organisational structure comprising individual departments, each with specific areas of responsibility. During the Track Record Period, our Group did not share its operational resources or general administrative resources with our Controlling Shareholders and/or their respective close associates. Our Group has also established a set of internal controls to facilitate the effective and independent operation of our business.

Although Mr. RQ Liu is also the sole director and sole shareholder of Diamond Soars and Mr. CQ Liu is also the sole director and sole shareholder of Reliable Profit, each of Diamond Soars and Reliable Profit has no operative business except for being an investment holding company for private investments, and each of Mr. RQ Liu and Mr. CQ Liu is not involved in any other business that is in competition with our business. Therefore, our Directors believe that the independence of the management of our Group will not be affected or compromised.

Our management and operational decisions are made by our executive Directors and senior management, most of whom have served us for a long time and all have substantial relevant experience in the industry in which we are engaged. Each of our Directors is aware of his or her fiduciary duties as a Director and his or her personal interest. In the event of any conflict of interest or duty, such Director shall abstain from voting when a conflicted resolution is to be discussed and voted on. Further, our three independent non-executive Directors will bring independent judgment to the decision-making process of our Board. With three independent non-executive Directors on our Board, representing the minimum requirement under the GEM Listing Rules, there is a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders.

2. Administrative independence

Our senior management have, for all or substantially all of the Track Record Period, undertaken senior management supervisory responsibilities in the business of our Group. The responsibilities of the senior management team of our Group include dealing with operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategy of our Group. This ensures the independence of the daily management and operations of our Group. Further details of our senior management are set out in the section headed "Directors and Senior Management" in this document.

3. Financial independence

We have our own financial management system and the ability to operate independently from our Controlling Shareholders from a financial perspective. All the amounts due to our Controlling Shareholders as well as all guarantees, indemnities and/or other securities provided by our Controlling Shareholders for the benefits of our banking facilities during the Track Record Period will be fully settled or released upon the **[REDACTED]**. There will be no financial assistance, security and/or guarantee provided by any of our Controlling Shareholders in favour of our Group upon the **[REDACTED]**. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

4. Independence of major suppliers

To the best of our Directors' knowledge, information and belief, none of our Controlling Shareholders, our Directors and their respective close associates have any relationship with the top five suppliers of our Group in each year (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

5. Independence of major customers

To the best of our Directors' knowledge, information and belief, none of our Controlling Shareholders, our Directors or their respective close associates has any relationship with the top five customers of our Group in each year (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

UNDERTAKINGS

Each of the Controlling Shareholders has given certain undertakings in respect of the Shares to the Stock Exchange and our Company, details of which are set out in the section headed "**[REDACTED]** — **[REDACTED]** arrangements and expenses — The **[REDACTED]** — Undertakings" in this document.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition among our Group, our Controlling Shareholders entered into the Deed of Non-Competition on [•] in favour of our Company (for itself and for the benefit of each other member of our Group). Pursuant to the Deed of Non-Competition, during the period that the Deed of Non-Competition remains effective, our Controlling Shareholders irrevocably and unconditionally undertake to our Company (for itself and for the benefit of each other member of our Group) that they shall not, and shall procure their close associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group or any business activity to be conducted by any member of our Group from time to time after the **[REDACTED]**, save for the holding of not more than 5% shareholding interests (individually or with their close associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with their close associates, if applicable) whose shareholding interests in the relevant listed company are higher than that of our Controlling Shareholders (individually or with their close associates).

Our Controlling Shareholders further undertake that if they or their close associates (other than any member of our Group) are offered or become aware of any business opportunity which may compete with the existing business activity of any member of our Group or any business activity to be conducted by any member of our Group from time to time after the **[REDACTED]**, they shall (and they shall procure their close associates to) notify our Group in writing and our Group shall have a right of first refusal to take up such business opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify our Controlling Shareholders whether our Group will exercise the right of first refusal.

Our Group shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such opportunities). Mr. CQ Liu, Mr. RQ Liu and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The Deed of Non-Competition is conditional upon the GEM **[REDACTED]** granting the approval for the **[REDACTED]** of, and **[REDACTED]** in, our Shares; and the conditions precedent under the **[REDACTED]** having been fulfilled (or where applicable waived) and the **[REDACTED]** not being terminated in accordance with their respective terms.

If any of such conditions is not fulfilled on or before the date agreed between the **[REDACTED]** and our Company or the **[REDACTED]** and our Company have agreed to terminate the **[REDACTED]** thereafter, the Deed of Non-Competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-Competition.

The Deed of Non-Competition shall terminate when (i) each of Mr. CQ Liu and Mr. RQ Liu, whether individually or taken together with his close associates, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) our Shares shall cease to be **[REDACTED]** and **[REDACTED]** on the Stock Exchange (except for temporary suspension of **[REDACTED]** of our Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

Our Directors are committed to upholding and implementing the highest standards of corporate governance and recognise the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(a) under the Articles of Association, where we have knowledge that any Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;

(b) we have established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if we enter into connected transactions with our Controlling Shareholders or any of their respective associates, we will comply with the applicable GEM Listing Rules;

(c) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders, and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the purpose of their annual review;

(e) we will disclose decisions on matters reviewed by our independent non-executive Directors either in our annual reports or by way of announcements as required by the GEM Listing Rules;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our expense;

(g) we have appointed Patrons Capital Limited as our compliance advisor to provide advice and guidance to our Group in respect of compliance with the applicable laws and regulations, as well as the GEM Listing Rules, including various requirements relating to corporate governance; and

(h) we have established an audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the GEM Listing Rules and the Corporate Governance Code in Appendix C1 to the GEM Listing Rules. All of the members of our audit committee, including the chairman, are independent non-executive Directors.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the **[REDACTED]**.