

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS GROUP

OUR SINGLE LARGEST SHAREHOLDERS GROUP

Pursuant to the Concert Party Agreement dated March 20, 2021, Mr. Tang, Mr. Sun and Jiangfan Technology agreed that they shall act in concert with respect to, inter alia, the right to convene board meetings and general meetings, right to propose resolutions, nomination right, voting rights, nomination of senior management, and other matters which are subject to approval in general meetings or board meetings of the Company, for the period since the date of the Concert Party Agreement and up until they cease to hold any shares of the Company or upon the termination of the Concert Party Agreement. For details, see “History, Development and Corporate Structure – Concert Party Arrangement” in this document.

As of the Latest Practicable Date, by virtue of the Concert Party Agreement, Mr. Tang, Mr. Sun and Jiangfan Technology were collectively entitled to exercise voting rights of approximately 35.97% of the voting rights in our Company, among which:

- (i) Mr. Tang was able to exercise approximately 27.66% of the voting rights in our Company through (a) his personal capacity as to approximately 11.26%; and (b) Voicecomm Rongzhi as to approximately 16.40%. Voicecomm Rongzhi is a company established in the PRC which is owned as to 99.00% by Mr. Tang and 1.00% by Ms. Xu (the spouse of Mr. Tang);
- (ii) Mr. Sun was able to exercise approximately 7.54% of the voting rights in our Company through (a) his personal capacity as to approximately 5.80%; and (b) Jiageng Culture as to approximately 1.74%. Jiageng Culture is a company established in the PRC which is wholly-owned by Mr. Sun; and
- (iii) Jiangfan Technology was able to exercise approximately 0.77% of the voting rights in our Company. Jiangfan Technology is wholly owned by Jiangcheng Asset Management, which is in turn owned as to 60.0% by Mr. Yang, our non-executive Director, and 40.0% by Mr. Jiang Haisheng (姜海生) (For background of Mr. Jiang Haisheng (姜海生), see “History, Development and Corporate Structure – Series B Financing” in this document).

As such, Mr. Tang, Ms. Xu (the spouse of Mr. Tang and holding 1% of the equity interests in Voicecomm Rongzhi), Voicecomm Rongzhi, Mr. Sun, Jiageng Culture, Mr. Yang, Mr. Jiang Haisheng (姜海生) (holding indirectly 40% of the equity interests in Jiangfan Technology), Jiangcheng Asset Management (the holding company of Jiangfan Technology) and Jiangfan Technology were collectively entitled to exercise voting rights of approximately 35.97% of the total issued shares of our Company as at the Latest Practicable Date, and are considered as a group of controlling shareholders of our Company before the [REDACTED]. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Tang, Ms. Xu, Voicecomm Rongzhi, Mr. Sun, Jiageng Culture, Mr. Yang, Mr. Jiang Haisheng (姜海生), Jiangcheng Asset Management and Jiangfan Technology will be collectively entitled to exercise voting rights of approximately [REDACTED]% of the total issued shares of our Company, and hence they will cease to be a group of controlling shareholders of our Company and become the Single Largest Shareholders Group. Our Company will not have any controlling shareholder upon the completion of the [REDACTED].

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INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, our Single Largest Shareholders Group confirmed that it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules. Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Single Largest Shareholders Group and its close associates after the [REDACTED].

Management Independence

Our Board comprises two executive Directors, four non-executive Directors and four independent non-executive Directors. Although Mr. Tang, Mr. Sun and Mr. Yang being members of our Single Largest Shareholders Group, also serves as our executive Directors or non-executive Director, our Directors believe that our Board and senior management will function independently from our Single Largest Shareholders Group for the following reasons:

1. each Director is aware of his/her fiduciary duties as a Director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
2. in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in the quorum;
3. our Board comprises ten Directors, and four of them are independent non-executive Directors, which represents more than one-third of the members of our Board. Our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions; and
4. our senior management members are independent from our Single Largest Shareholders Group. They are experienced in the industry which we are engaged in. Accordingly, they are able to discharge their duties independently from our Single Largest Shareholders Group.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Director are of the view that we are capable of managing our business independently from our Single Largest Shareholders Group following the completion of the [REDACTED].

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Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Single Largest Shareholders Group. We have access to third parties independently from and not connected to our Single Largest Shareholders Group for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Single Largest Shareholders Group and its close associates.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, we have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Single Largest Shareholders Group. We can make financial decisions independently and our Single Largest Shareholders Group do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

During the Track Record Period and up to the Latest Practicable Date, we entered into various facility agreements and loan agreements with certain banks (“**Lending Banks**”), pursuant to which we obtained loans from the Lending Banks which were secured by personal guarantees provided by some of our members of the Single Largest Shareholders Group and/or their spouses, namely Mr. Tang, Ms. Xu (the spouse of Mr. Tang), Mr. Sun and his spouse. These loans were generally used for supplementing the working capital of the Group, payment of procurement costs and/or other financial needs in the ordinary and usual course of our business operation. As of the Latest Practicable Date, (i) the guarantees provided by the members of our Single Largest Shareholders Group and/or their spouses with respect to credit facilities in the aggregate amount of approximately RMB300.0 million granted by the relevant Lending Banks will be released prior to the [REDACTED] as agreed by the relevant banks; and (ii) the remaining loans in the aggregate amount of approximately RMB38.0 million secured by the guarantees provided by the members of our Single Largest Shareholders Group and/or their spouses have been fully repaid.

In addition, we had been capable of obtaining financing from third parties without relying on any guarantee or security provided by the members of our Single Largest Shareholders Group or their respective associates.

Based on the above, our Directors are of the view that we will be able to maintain financial independence from our Single Largest Shareholders Group and its close associates after the [REDACTED].

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CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Shareholders Group:

- (a) our Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his or her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his or her associates have a material interest, unless attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of our independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this document;
- (d) as required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole;
- (e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the 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 Company's expenses; and

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- (g) we have appointed Maxa Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong, as well as the Listing Rules, including various requirements relating to corporate governance.

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 Single Largest Shareholders Group, and to protect our minority Shareholders’ interests after the [REDACTED].