
RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS

OUR SINGLE LARGEST SHAREHOLDERS

Immediately prior to the [REDACTED], Mr. Wang, our founder, chairman of the Board, chief executive officer and executive Director, is entitled to exercise the voting rights of approximately 31.38% of the total issued share capital of our Company through WRC Vitality Eager Limited, a company which is owned as to 88.06%, 10.94% and 1% by Freedom EvoTech Limited, JinQiu Tenacity Ltd and Fly EvoTech Limited, respectively. Freedom EvoTech Limited is wholly held by Vistra Trust (Singapore) Pte. Limited as trustee of the Freedom EvoTech Trust, a discretionary trust established by Mr. Wang as the settlor and protector, and of which Fly EvoTech Limited, which is wholly owned by Mr. Wang, is the beneficiary.

Immediately following the completion of the [REDACTED] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming the [REDACTED] is not exercised), Mr. Wang will be entitled to exercise the voting rights of approximately [REDACTED]% of the total issued share capital of our Company through WRC Vitality Eager Limited.

Accordingly, WRC Vitality Eager Limited, Freedom EvoTech Limited, Fly EvoTech Limited and Mr. Wang are the Single Largest Shareholders of our Company.

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying out our business independently of our Single Largest Shareholders and their close associates after the [REDACTED] for the reasons set out below.

Management Independence

Upon the [REDACTED], our Board will consist of four executive Directors and three independent non-executive Directors, and our senior management team will comprise four members. The executive Directors and the senior management team are responsible for the day-to-day management of our operations. Notwithstanding the role of Mr. Wang on our Board and in our senior management team, our Directors are of the view that our Company is able to function independently from our Single Largest Shareholders for the following reasons:

- (i) we have appointed three independent non-executive Directors, representing over one-third of the total members of our Board, who are independent of our Single Largest Shareholders and have sufficient knowledge, experience and competence to provide impartial opinions in the decision-making process of our Board with a view to promote the interests of our Company and of the Shareholders as a whole;
- (ii) our daily management and operations are conducted by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

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- (iii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions;
- (iv) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Single Largest Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Single Largest Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for voting;
- (v) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a Director, which require that he or she act for the benefit and in the best interest of our Company, and do not allow any conflict between his or her duties as a Director and his or her personal interests; and
- (vi) our Company has adopted a series of corporate measures to manage conflicts of interest, if any, between our Company and our Single Largest Shareholders. Please refer to "Corporate Governance Measures" below for further information.

Based on the above, our Directors believe that our Board and senior management as a whole are able to play a managerial role in our Company independently from our Single Largest Shareholders and their close associates after the [REDACTED].

Operational Independence

Our Group is not operationally dependent on our Single Largest Shareholders. Our Company has full rights to make all decisions on and to carry out for our own business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession (including through our subsidiaries) of all relevant licenses necessary to carry on and operate our principal businesses, and we have sufficient operational capacity in terms of capital and employees to operate independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Based on the above, our Directors consider there to be no operational dependence on our Single Largest Shareholders or any of their close associates.

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Financial Independence

Our Group is not financially dependent on our Single Largest Shareholders, and we do not expect to rely on our Single Largest Shareholders or any of their close associates for financing after the [REDACTED]. Our Company has established an independent finance department, as well as implemented its own independent audit, accounting, internal control and financial management systems. We make financial decisions and determine our use of funds according to our own business needs. We have opened accounts with banks independently and do not share any bank account with our Single Largest Shareholders. We have made tax filings and paid tax independently of our Single Largest Shareholders pursuant to applicable laws and regulations. We have adequate internal resources to support our daily operations, and we are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholders.

As of the Latest Practicable Date, there was no outstanding loan extended by our Single Largest Shareholders or their close associates to us, and it is expected that our borrowing guaranteed by a Single Largest Shareholder will be repaid immediately before [REDACTED] or the guarantee provided for our benefit by such Single Largest Shareholder will be released immediately before [REDACTED]. For details, see Note 34 to the Accountants’ Report included in Appendix I to this Document.

Based on the above, our Directors consider that there is no financial dependence on our Single Largest Shareholders or any of their close associates.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Single Largest Shareholders in our Company and its subsidiaries, our Single Largest Shareholders and their close associates do not have any interest in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders, except for code provision C.2.1 of the Corporate Governance Code, details of which are set out in “Directors and Senior Management — Corporate Governance” in this Document.

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

- (i) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Group enters into connected transactions with our Single Largest Shareholders or their close associates, our Company will comply with the applicable requirements under the Listing Rules;
- (ii) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Single Largest Shareholders or any of their close associates has any material interest, our Single Largest Shareholders and their close associates (as applicable) will not vote on the resolutions and shall not be counted in the quorum for voting;
- (iii) our Board consists of a balanced composition of executive and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Shareholders on an annual basis (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders; the Single Largest Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (iv) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (v) where advice from an independent professional, such as a financial or legal adviser, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such an independent professional will be made at our Company’s expense; and
- (vi) we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors’ duties and corporate governance matters.

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