
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

The WVR Beneficiaries, namely Mr. Chen, Mr. Fang and Mr. Xu entered into the concert party agreement in January 2018, as amended in November 2025, pursuant to which among others, Mr. Xu and Mr. Fang agreed to act in concert with Mr. Chen in board meetings and general meetings of our Company and follow the decision of Mr. Chen in voting on the matters to be considered therein. The Concert Party Agreement remains valid for 10 years from November 2025 and subject to potential extension upon mutual agreement by the parties.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] are not exercised), the WVR Beneficiaries, through their direct interest in the Company, and Hairou Weizheng whose general partner is Mr. Chen, hold [REDACTED] Class A Ordinary Shares and [REDACTED] Class B Ordinary Shares, representing approximately (i) [REDACTED]% of the voting rights in our issued share capital in general meetings (except for resolutions with respect to the Reserved Matters and the Special Matters) with each Class A Ordinary Share entitling the holder to exercise 10 votes and each Class B Ordinary Share entitling the holder to exercise one vote, and (ii) [REDACTED]% of the voting rights in our issued share capital in general meetings for resolutions with respect to the Reserved Matters and the Special Matters with each Share entitling the holder to exercise one vote, will be held by the WVR Beneficiaries. The WVR Beneficiaries and Hairou Weizheng will constitute a group of Controlling Shareholders of our Company after the [REDACTED].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independent from our Controlling Shareholders after the [REDACTED].

Management Independence

Upon [REDACTED], our Board will comprise nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. We believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- (a) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests;
- (b) our daily management and operation decisions are primarily made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see “Directors, Supervisors and Senior Management” in this Document;
- (c) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (e) we have adopted a series of corporate governance measures to management conflicts of interest, if any, between our Group and our Controlling Shareholders. For more details, please refer to “— Corporate Governance Measures” in this section.

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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 Controlling Shareholders after the [REDACTED].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers, and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates. Guarantees provided by our Controlling Shareholders or their respective close associates will be released upon [REDACTED].

Based on the above, our Directors consider there to be no financial dependence on any of our Controlling Shareholders.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders and our Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

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 conflicts of interests between our Group and our Controlling Shareholders:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Listing Rules;

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- (c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing 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 Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expenses; and
- (e) we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who will 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, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.