## OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yin was entitled to exercise approximately 38.98% of the voting rights in the Company through: (i) 781,983 Shares (21.89%) directly held by him; (ii) an aggregate of 408,042 Shares (11.42%) held by Xiamen Xiaokuo and Shenzhen Xiaokuo, both of which are controlled and managed by Mr. Yin as the general partner; and (iii) 202,190 Shares (5.66%) held by Shenzhen Mario, in which Mr. Yin controls 99.00% of the voting rights.

Immediately upon completion of the Share Subdivision and the **[REDACTED]**, Mr. Yin, Shenzhen Xiaokuo, Xiamen Xiaokuo and Shenzhen Mario will control approximately **[REDACTED]**% of the voting rights in the Company (assuming that the **[REDACTED]** and the **[REDACTED]** are not exercised) and will constitute our Controlling Shareholders upon **[REDACTED]**.

## COMPETITION

Each member of the Controlling Shareholders has confirmed that he/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, the Directors are satisfied that we are capable of carrying out our business independently of the Controlling Shareholders and their respective close associates after the **[REDACTED]**:

### Management Independence

The executive Directors and senior management team of the Company are responsible for the day-to-day management of our operations. Notwithstanding the roles of Mr. Yin in the Board, the Directors are of the view that the Company is able to function independently from Mr. Yin from a management perspective for the following reasons:

(i) all of the independent non-executive Directors are independent of Mr. Yin, and decisions of the Board require the approval of a majority vote from members of the Board;

(ii) each of the Directors is aware of fiduciary duties of a director which require, among other things, that he/she must act for the benefit and in the best interest of the Group and must not allow any conflict between his/her duties as a Director and his/her personal interest;

(iii) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between the Company and the Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum;

(iv) we have three independent non-executive Directors and certain matters of the Company must always be referred to the independent non-executive Directors for review;

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between the Group and the Controlling Shareholders which would support our independent management; and

(vi) our daily management and operations are carried out by the Company's senior management team, who have substantial experience in the industry which the Company is engaged in, and will therefore be able to make business decisions that are in the best interests of the Group.

Based on the above, the Directors are satisfied that the Board as a whole is able to perform the management role in the Group independently from the Controlling Shareholders and their respective close associates (other than the Group) after the **[REDACTED]**.

### Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of the Controlling Shareholders or their close associates (other than the Group) for research and development, manufacturing, business development, staffing and administration (including financial and accounting management, human resources and information technology). We have independent access to suppliers and customers, and an independent management team to handle our day-to-day operations. We also possess the necessary licenses, certificates, facilities and intellectual property rights to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, the Directors are satisfied that we are able to operate independently from the Controlling Shareholders and their close associates (other than the Group) after the **[REDACTED]**.

### Financial Independence

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 the Company, independent from the Controlling Shareholders and their respective close associates (other than the Group). We are able to make financial decisions independently and the Controlling Shareholders and their respective close associates do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

As of the Latest Practicable Date, there were no outstanding loans, or advances and balances of a non-trade nature due to or from, pledges or guarantees provided by or granted to our Controlling Shareholders, and we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by the Controlling Shareholders.

Based on the above, the Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on the Controlling Shareholders and their respective close associates after the **[REDACTED]**.

## CORPORATE GOVERNANCE MEASURES

The Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance. The Directors recognize the importance of good corporate governance in protecting the Shareholders' interests. We would adopt the following measures to promote good corporate governance and to avoid potential conflict of interests between the Group and the Controlling Shareholders:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) the Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if the Company enters into connected transactions with the Controlling Shareholders or any of their respective associates, the Company will comply with the applicable Listing Rules;

(iii) the independent non-executive Directors will review, on an annual and independent basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of minority Shareholders;

(iv) the 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 the independent non-executive Directors for the Annual Review;

(v) the 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;

(vi) where the Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at the Company's expenses; and

(vii) we have appointed Red Solar Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

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